

A bill for an act

relating to economic development; amending the definition of green economy to include the concept of green chemistry; creating a fast-action economic response team; expanding the Minnesota investment fund; removing a grant program restriction; expanding loan program to veteran-owned small businesses; creating the Minnesota Science and Technology Authority; providing for a comparative study of state laws affecting small business start-ups; modifying certain unemployment insurance administrative, benefit, and tax provisions; protecting customers from injuries resulting from use of inflatable play equipment; modifying labor and industry licensing and certain license fee provisions; modifying the requirements of the Manufactured Home Building Code; allowing expedited rulemaking; providing for licensing and regulation of individuals engaged in mortgage loan origination or mortgage loan business; providing for licensing and regulation of appraisal management companies; providing for property acquisition from petroleum tank fund proceeds; clarifying requirements for granting additional cable franchises; regulating cadmium in children's jewelry; regulating the sale and termination of portable electronics insurance; authorizing amendments to a municipal comprehensive plan for affordable housing; amending Iron Range resources provisions; requiring certain reports; appropriating money; amending Minnesota Statutes 2008, sections 58.04, subdivision 1; 58.08, by adding a subdivision; 58.09; 58.10, subdivision 1; 58.11; 60K.36, subdivision 2; 60K.38, subdivision 1; 82B.05, subdivision 5, by adding a subdivision; 82B.06; 115C.08, subdivision 1; 116J.437, subdivision 1; 116J.8731, subdivisions 1, 4; 116J.996; 238.08, subdivision 1; 268.035, subdivision 20; 268.046, subdivision 1; 268.051, subdivisions 2, 5, 7; 268.07, as amended; 268.085, subdivision 9; 326B.133, subdivisions 1, 3, 8, 11, by adding subdivisions; 326B.197; 326B.33, subdivisions 18, 20, 21; 326B.42, by adding subdivisions; 326B.44; 326B.46, as amended; 326B.47; 326B.475, subdivision 2; 326B.50, by adding subdivisions; 326B.54; 326B.55, as amended if enacted; 326B.56, as amended; 326B.805, subdivision 6; 326B.83, subdivisions 1, 3, 6; 326B.865; 326B.921, subdivisions 2, 4, 7; 326B.922; 326B.978, subdivision 2, by adding a subdivision; 327.31, subdivision 17, by adding subdivisions; 327.32, subdivision 1, by adding subdivisions; 327B.04, subdivision 2; 462.355, subdivision 3; Minnesota Statutes 2009 Supplement, sections 58.06, subdivision 2; 60K.55, subdivision 2; 82B.05, subdivision 1; 115C.08, subdivision 4; 116J.8731, subdivision 3; 116L.20, subdivision 1; 268.035, subdivision 19a; 268.052, subdivision 2; 268.053, subdivision 1; 268.085, subdivision 1; 268.136, subdivision 1; 326B.33, subdivision 19; 326B.475, subdivision 4; 326B.49, subdivision 1; 326B.58; 326B.815, subdivision 1; 326B.86, subdivision 1;

326B.94, subdivision 4; 326B.986, subdivision 5; 327B.04, subdivisions 7, 7a, 8; 327B.041; Laws 2009, chapter 78, article 1, section 3, subdivision 2; Laws 2010, chapter 216, section 58; proposing coding for new law in Minnesota Statutes, chapters 60K; 116J; 184B; 325E; 326B; proposing coding for new law as Minnesota Statutes, chapters 58A; 82C; 116W; repealing Minnesota Statutes 2008, sections 116J.657; 326B.133, subdivisions 9, 10; 326B.37, subdivision 13; 326B.475, subdivisions 5, 6; 326B.56, subdivision 3; 326B.885, subdivisions 3, 4; 326B.976; 327.32, subdivision 4; 327C.07, subdivisions 3, 3a, 8; Minnesota Statutes 2009 Supplement, sections 58.126; 326B.56, subdivision 4; Laws 2010, chapter 215, article 9, section 3; Minnesota Rules, parts 1301.0500; 1301.0900; 1301.1100, subparts 2, 3, 4; 1350.7200, subpart 3; 1350.8000, subpart 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

## ARTICLE 1

### EMPLOYMENT AND ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2008, section 116J.437, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purpose of this section, the following terms have the meanings given.

(b) "Green economy" means products, processes, methods, technologies, or services intended to do one or more of the following:

(1) increase the use of energy from renewable sources, including through achieving the renewable energy standard established in section 216B.1691;

(2) achieve the statewide energy-savings goal established in section 216B.2401, including energy savings achieved by the conservation investment program under section 216B.241;

(3) achieve the greenhouse gas emission reduction goals of section 216H.02, subdivision 1, including through reduction of greenhouse gas emissions, as defined in section 216H.01, subdivision 2, or mitigation of the greenhouse gas emissions through, but not limited to, carbon capture, storage, or sequestration;

(4) monitor, protect, restore, and preserve the quality of surface waters, including actions to further the purposes of the Clean Water Legacy Act as provided in section 114D.10, subdivision 1; ~~or~~

(5) expand the use of biofuels, including by expanding the feasibility or reducing the cost of producing biofuels or the types of equipment, machinery, and vehicles that can use biofuels, including activities to achieve the biofuels 25 by 2025 initiative in sections 41A.10, subdivision 2, and 41A.11; or

(6) increase the use of green chemistry, as defined in section 116.9401.

For the purpose of clause (3), "green economy" includes strategies that reduce carbon emissions, such as utilizing existing buildings and other infrastructure, and utilizing mass transit or otherwise reducing commuting for employees.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 2. **[116J.872] RESPONSE TEAM.**

(a) The department shall operate a fast-action economic response team to contact and work with businesses that are identified as being:

(1) at risk for relocating or expanding outside the state; or

(2) prospects for expansion or relocation within the state.

(b) The fast-action response team must contact identified businesses within 24 hours.

Sec. 3. Minnesota Statutes 2008, section 116J.8731, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The Minnesota investment fund is created to provide financial and technical assistance, through partnership with communities, for the creation of new employment or to maintain existing employment, and for business start-up, expansions, and retention. It shall accomplish these goals by the following means:

(1) creation or retention of permanent private-sector jobs in order to create above-average economic growth consistent with environmental protection, which includes investments in technology and equipment that increase productivity and provide for a higher wage;

(2) stimulation or leverage of private investment to ensure economic renewal and competitiveness;

(3) increasing the local tax base, based on demonstrated measurable outcomes, to guarantee a diversified industry mix;

(4) improving the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;

(5) improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living, consistent with federal and state guidelines on low- to moderate-income persons; and

(6) stimulation of productivity growth through improved manufacturing or new technologies, including cold weather testing.

Sec. 4. Minnesota Statutes 2009 Supplement, section 116J.8731, subdivision 3, is amended to read:

Subd. 3. **Eligible expenditures.** The money appropriated for this section may be used to ~~fund~~:

(1) fund grants for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought; ~~and~~

(2) fund strategic investments in renewable energy market development, such as low interest loans for renewable energy equipment manufacturing, training grants to support renewable energy workforce, development of a renewable energy supply chain that represents and strengthens the industry throughout the state, and external marketing to garner more national and international investment into Minnesota's renewable sector. Expenditures in external marketing for renewable energy market development are not subject to the limitations in clause (1); and

(3) provide private entrepreneurs with training, other technical assistance, and financial assistance, as provided in the small cities development block grant program.

Sec. 5. Minnesota Statutes 2008, section 116J.8731, subdivision 4, is amended to read:

Subd. 4. **Eligible projects.** Assistance must be evaluated on the existence of the following conditions:

(1) creation of new jobs, retention of existing jobs, or improvements in the quality of existing jobs as measured by the wages, skills, or education associated with those jobs;

(2) increase in the tax base;

(3) the project can demonstrate that investment of public dollars induces private funds;

(4) the project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;

(5) the project provides higher wage levels to the community or will add value to current workforce skills;

(6) the project supports the development of microenterprises, as defined by federal statutes, through financial assistance, technical assistance, advice, or business services;

(7) whether assistance is necessary to retain existing business;

~~(7)~~ (8) whether assistance is necessary to attract out-of-state business; and

~~(8)~~ (9) the project promotes or advances the green economy as defined in section 116J.437.

A grant or loan cannot be made based solely on a finding that the conditions in clause ~~(6)~~ (7) or ~~(7)~~ (8) exist. A finding must be made that a condition in clause (1), (2), (3), (4), ~~or~~ (5), or (6) also exists.

Applications recommended for funding shall be submitted to the commissioner.

Sec. 6. Minnesota Statutes 2008, section 116J.996, is amended to read:

**116J.996 MILITARY RESERVIST ECONOMIC INJURY AND  
VETERAN-OWNED SMALL BUSINESS LOANS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Active service" has the meaning given in section 190.05.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Eligible business" means a small business, as defined in section 645.445, that was operating in Minnesota on the date a military reservist received orders for active service.

(e) "Essential employee" means a military reservist who is an owner or employee of an eligible business and whose managerial or technical expertise is critical to the day-to-day operation of the eligible business.

(f) "Military reservist" means a member of the reserve component of the armed forces.

(g) "Reserve component of the armed forces" has the meaning given it in United States Code, title 10, section 101(c).

(h) "Substantial economic injury" means an economic harm to an eligible business that results in the inability of the eligible business to:

(1) meet its obligations as they mature;

(2) pay its ordinary and necessary operating expenses; or

(3) manufacture, produce, market, or provide a product or service ordinarily manufactured, produced, marketed, or provided by the eligible business.

(i) "Veteran-owned small business" means a small business, as defined in section 645.445, that is majority-owned and operated by a veteran as defined in section 197.447.

Subd. 2. **Loan program.** The commissioner may make onetime, interest-free loans of up to \$20,000 per borrower to: (1) eligible businesses that have sustained or are likely to sustain substantial economic injury as a result of the call to active service for 180 days or more of an essential employee; or (2) veterans who are veterans as defined in section

197.447, to start a veteran-owned small business. Loans for economic injury must be made for the purpose of preventing, remedying, or ameliorating the substantial economic injury.

Subd. 3. **Revolving loan account.** The commissioner shall use money appropriated for the purpose to establish a revolving loan account. All repayments of loans made under this section must be deposited into this account. Interest earned on money in the account accrues to the account. Money in the account is appropriated to the commissioner for purposes of the loan program created in this section, including costs incurred by the commissioner to establish and administer the program.

Subd. 4. **Rules.** Using the expedited rulemaking procedures of section 14.389, the commissioner shall develop and publish expedited rules for loan applications, use of funds, needed collateral, terms of loans, and other details of military reservist economic injury and veteran-owned small business loans.

Sec. 7. Minnesota Statutes 2009 Supplement, section 116L.20, subdivision 1, is amended to read:

Subdivision 1. **Determination and collection of special assessment.** (a) In addition to amounts due from an employer under the Minnesota unemployment insurance program, each employer, except an employer making reimbursements is liable for a special assessment levied at the rate of .10 percent per year on all taxable wages, as defined in section 268.035, subdivision 24, except that effective July 1, 2009, until June 30, 2011, the special assessment shall be levied at a rate of .12 percent per year on all taxable wages as defined in section 268.035, subdivision 24. The commissioner of employment and economic development may increase the assessment rate to meet the state's workforce development needs, from .12 percent to .14 percent per year, on all taxable wages as defined in section 268.035, subdivision 24. The assessment shall become due and be paid by each employer on the same schedule and in the same manner as other amounts due from an employer under section 268.051, subdivision 1.

(b) The special assessment levied under this section shall be subject to the same requirements and collection procedures as any amounts due from an employer under the Minnesota unemployment insurance program.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 8. **[116W.01] MINNESOTA SCIENCE AND TECHNOLOGY AUTHORITY ACT.**

This chapter may be cited as the "Minnesota Science and Technology Authority Act."

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 9. **[116W.02] DEFINITIONS.**

Subdivision 1. **Applicability.** For the purposes of this chapter, the terms in this section have the meanings given them.

Subd. 2. **Authority.** "Authority" means the Minnesota Science and Technology Authority.

Subd. 3. **Eligible recipient.** "Eligible recipient" means an entity primarily operating to create and retain jobs in the state's industrial base and maximize the economic growth of the state through:

(1) high-technology research and development capabilities;

(2) product and process innovation and commercialization;

(3) high-technology manufacturing capabilities;

(4) science and technology business environment; or

(5) science and technology workforce preparation.

Subd. 4. **Advisory commission.** "Advisory commission" means the advisory commission under section 116W.051.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 10. **[116W.03] MINNESOTA SCIENCE AND TECHNOLOGY AUTHORITY.**

Subdivision 1. **Membership.** The Minnesota Science and Technology Authority consists of the commissioner of employment and economic development, the commissioner of management and budget, the commissioner of revenue, the commissioner of commerce, and the commissioner of agriculture.

Subd. 2. **Chair; other officers.** The commissioner of employment and economic development shall serve as the chair and chief executive officer of the authority. The authority shall rotate the position of vice chair annually among its members. The commissioner of employment and economic development shall convene the first meeting of the authority no later than July 1, 2010. In the absence of the chair or vice chair at meetings of the authority members may elect a chair for the meeting, and may elect other officers as necessary from its members.

Subd. 3. **Delegation.** In addition to any powers to delegate that members of the authority have as commissioners, they may delegate to the chair, vice chair, or executive director their responsibilities as members of the authority for reviewing and approving

financing of eligible projects, projects that have been authorized by law, or programs specifically authorized by resolution of the authority.

Subd. 4. **Actions.** (a) A majority of the authority, excluding vacancies, constitutes a quorum to conduct its business, to exercise its powers, and for all other purposes.

(b) The authority may conduct its business by any technological means available, including teleconference calls or interactive video, that allows for an interaction between members. If a meeting is conducted under this paragraph, a specific location must be available for the public to attend the meeting and at least one member must be present at that location.

Subd. 5. **Executive director; staffing.** The authority shall employ an executive director in the unclassified service. The initial executive director must be the individual in the position of director of the Office of Science and Technology as of January 1, 2010, under section 116J.657. The executive director is responsible for hiring staff necessary to assist the executive director to carry out the duties and responsibilities of the authority. The executive director shall perform duties that the authority may require in carrying out its responsibilities to manage and implement the funds and programs in this chapter, and comply with all state and federal program requirements, and state and federal securities and tax laws and regulations. The executive director shall assist the advisory board in fulfilling its duties under this chapter.

Subd. 6. **Administrative services.** The authority shall enter into agreements for administrative and professional services and technical support.

Subd. 7. **Expiration.** This section expires June 30, 2018.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

## Sec. 11. **[116W.04] POWERS AND DUTIES.**

Subdivision 1. **Duties.** The Science and Technology Authority shall:

(1) coordinate public and private efforts to procure federal funding for collaborative research and development projects of primary benefit to small-sized and medium-sized businesses;

(2) promote contractual relationships between Minnesota businesses that are recipients of federal grants and prime contractors, and Minnesota-based subcontractors;

(3) work with Minnesota nonprofit institutions including the University of Minnesota, Minnesota State Colleges and Universities, and the Mayo Clinic in promoting collaborative efforts to respond to federal funding opportunities;

(4) develop a framework for Minnesota companies to establish sole-source relationships with federal agencies;



9.1 (5) coordinate workshops, assistance with business proposals, licensing, intellectual  
9.2 property protection, commercialization, and government auditing with the University of  
9.3 Minnesota and Minnesota State Colleges and Universities; and

9.4 (6) develop and implement a comprehensive science and technology economic  
9.5 development strategy for the state.

9.6 Subd. 2. **Technology matchmaking.** The authority must assist businesses in  
9.7 identifying qualified suppliers and vendors through a program to serve as a conduit for  
9.8 Minnesota-based companies to network with firms able to support their success. Firms  
9.9 outside Minnesota can participate in the technology matchmaking network if one of the  
9.10 participating companies is located in Minnesota.

9.11 Subd. 3. **Commercialization assistance.** The authority must provide  
9.12 commercialization assistance to Minnesota firms that have received a Phase I Small  
9.13 Business Innovation Research (SBIR) or a Phase I Small Business Technology Transfer  
9.14 (STTR) award and are submitting a Phase II proposal. Local service providers must assist  
9.15 the applicant with developing and reviewing the required commercialization plan prior to  
9.16 Phase II submission. The authority may provide SBIR Phase I proposal technical review.

9.17 Subd. 4. **Power to sue; enter contracts.** The authority may sue and be sued. The  
9.18 authority may make and enter into contracts, leases, and agreements necessary to perform  
9.19 its duties and exercise its powers.

9.20 Subd. 5. **Gifts; grants.** The authority may apply for, accept, and disburse gifts,  
9.21 grants, loans, or other property from the United States, the state, private sources, or  
9.22 any other source for any of its purposes. Money received by the authority under this  
9.23 subdivision must be deposited in the state treasury and is appropriated to the authority to  
9.24 carry out its duties.

9.25 Subd. 6. **Contract for services.** The authority may retain or contract for the  
9.26 services of accountants, financial advisors, and other consultants or agents needed to  
9.27 perform its duties and exercise its powers.

9.28 Subd. 7. **Fees.** The authority may set and collect fees for costs incurred by the  
9.29 authority, the Department of Employment and Economic Development, the Department of  
9.30 Management and Budget, the Department of Revenue, the Department of Commerce, the  
9.31 Department of Labor and Industry, and the Department of Agriculture, including costs  
9.32 for personnel, professional, and administrative services.

9.33 Subd. 8. **Reports.** (a) The authority shall report by February 1 of each year to the  
9.34 chairs and the ranking minority members of the legislative committees and divisions with  
9.35 jurisdiction over finance and economic development on its progress to design, coordinate,  
9.36 and administer a strategic science and technology program for the state to promote the

welfare of the people of the state, maximize the economic growth of the state, and create and retain jobs in the state's industrial base through enhancement of Minnesota's:

(1) high-technology research and development capabilities;

(2) product and process innovation and commercialization;

(3) high-technology manufacturing capabilities;

(4) science and technology business environment; and

(5) science and technology workforce preparation.

(b) The report must include a complete operating and financial statement covering the authority's operations during the year, including amounts of income from all sources.

Books and records of the authority are subject to audit by the legislative auditor in the manner prescribed for state agencies.

Subd. 9. **Consultative and technical services.** The authority may provide general consultative and technical services to assist eligible projects and enter into agreements or other transactions concerning the receipt or provision of those services.

Subd. 10. **Financial information.** Financial information, including credit reports, financial statements, and net worth calculations, received or prepared by the authority regarding financial assistance, is private data with regard to data on individuals as defined in section 13.02, subdivision 12, and nonpublic data with regard to data not on individuals as defined in section 13.02, subdivision 9.

Subd. 11. **General.** The authority shall have all powers necessary and appropriate to fulfill its responsibilities under this chapter.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 12. **[116W.05] PROJECT FINANCIAL ASSISTANCE.**

Subdivision 1. **Determination of financial assistance.** The authority shall assist eligible recipients in identifying grants or other sources of financial assistance available to finance projects and may assist eligible recipients in applying for and obtaining grants and other forms of assistance.

Subd. 2. **Financial feasibility review.** (a) The authority shall review the proposed financing for each project submitted to the authority to determine whether: (1) the proposed project and financing plan is an eligible use of the money; and (2) the proposal is in compliance with applicable state and federal tax and securities laws and regulations. Grants in excess of \$50,000 must be approved by the authority. Grants of \$50,000 or less may be authorized by the executive director. All grant approvals or disapprovals must be completed within 30 days of submission to the authority.

(b) Unless a project is specifically authorized by law, the authority may reject the proposed financing for a project meeting the requirements in paragraph (a) if a majority of members believe the financing of the project would not be in the best interests of the state or would be detrimental to the authority's funds or programs. A determination to reject a proposed project must not be made in an arbitrary and capricious manner and must be supported by substantive evidence and documented by a resolution of the authority stating its findings.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 13. **[116W.051] ADVISORY COMMISSION.**

**Subdivision 1. Advisory commission membership.** A Science and Technology Initiative Advisory Commission of 18 members is established and is comprised of:

(1) two representatives of the University of Minnesota, selected by the president of the university, including a faculty member actively involved in science and technology research;

(2) two representatives of the Minnesota State Colleges and Universities, selected by the chancellor, including a faculty member actively involved in science and technology research;

(3) the chief executive officer of Mayo Clinic or a designee;

(4) six chief executive officers or designees from science-oriented or technology-oriented companies;

(5) four representatives from science-oriented and technology-oriented organizations;

(6) one representative of organized labor;

(7) a venture capital representative; and

(8) a representative of angel investors.

A member must have experience in science or technology in order to serve on the commission.

Members of the commission listed in clauses (4) to (8) shall be appointed by the authority.

**Subd. 2. Advisory commission duties.** The advisory commission must assist the authority in developing a comprehensive science and technology economic development plan to be presented to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over economic development by January 15, 2011. The plan must include recommendations in strategic areas for science and technology investments, recommendations on additional programs to support science and

12.1 technology focused economic development activities in the state, selection of specific  
12.2 programs and grantees for support from program funds authorized by the advisory  
12.3 commission and ongoing assessment of the effectiveness of programmatic elements  
12.4 according to metrics to be developed by the authority in consultation with the advisory  
12.5 commission. The advisory commission may also advise and assist the authority in  
12.6 fulfilling its duties under section 116W.04.

12.7 Subd. 3. **Membership terms; vacancies; compensation.** The membership terms,  
12.8 removal of members, filling of vacancies and compensation of members are as provided  
12.9 under section 15.059. The compensation required under this section must be paid by  
12.10 the authority.

12.11 Subd. 4. **Expiration.** The advisory commission expires June 30, 2013.

12.12 Subd. 5. **Convening of meetings; staffing.** The executive director of the authority  
12.13 must convene the first meeting of the commission by August 1, 2010. The executive  
12.14 director must provide administrative support and staff to the commission.

12.15 **EFFECTIVE DATE.** This section is effective July 1, 2010.

12.16 Sec. 14. **[116W.20] MONEY OF THE AUTHORITY.**

12.17 Subdivision 1. **Functions of commissioner of management and budget.** Except  
12.18 as otherwise provided in this section, money of the authority must be paid to the  
12.19 commissioner of management and budget as agent of the authority and the commissioner  
12.20 shall not commingle the money with other money. The money in the accounts of the  
12.21 authority must be paid out only on warrants drawn by the commissioner of management  
12.22 and budget on requisition of the executive director of the authority or of another officer or  
12.23 employee as the authority authorizes. Deposits of the authority's money must, if required  
12.24 by the commissioner or the authority, be secured by obligations of the United States or of  
12.25 the state of a market value equal at all times to the amount of the deposit and all banks and  
12.26 trust companies are authorized to give security for the deposits. All money paid to the  
12.27 commissioner as agent of the authority is appropriated to the authority.

12.28 Subd. 2. **System of accounts.** The commissioner of management and budget shall  
12.29 prescribe a system of accounts.

12.30 **EFFECTIVE DATE.** This section is effective July 1, 2010.

12.31 Sec. 15. **[116W.21] NONLIABILITY.**

12.32 Subdivision 1. **Nonliability of individuals.** No member of the authority, staff of  
12.33 the authority, or other person executing other agreements or contracts of the authority is

liable personally or is subject to any personal liability or accountability by reason of their issuance, execution, delivery, or performance.

Subd. 2. **Nonliability of state.** The state is not liable on loans or other agreements or contracts of the authority issued or entered into under this chapter and the loans or other agreements or contracts of the authority are not a debt of the state. The loans or other agreements or contracts of the authority must contain on their face a statement to that effect.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 16. **[116W.23] STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.**

The state pledges and agrees with parties to any loans or other agreements or contracts of the authority that the state will not: (1) limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the parties to any loans or other agreements or contracts of the authority; or (2) in any way impair the rights and remedies of the parties to any loans or other agreements or contracts of the authority. The authority may include this pledge and agreement of the state in any agreement with the parties in any loans or other agreements or contracts of the authority.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 17. **[116W.24] RESERVES; FUNDS; ACCOUNTS.**

The authority may establish reserves, funds, or accounts necessary to carry out the purposes of the authority or to comply with any agreement made by or any resolution passed by the authority.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 18. Minnesota Statutes 2008, section 462.355, subdivision 3, is amended to read:

**Subd. 3. Adoption by governing body.** A proposed comprehensive plan or an amendment to it may not be acted upon by the governing body until it has received the recommendation of the planning agency or until 60 days have elapsed from the date an amendment proposed by the governing body has been submitted to the planning agency for its recommendation. Unless otherwise provided by charter, the governing body may by resolution ~~by a two-thirds vote of all of its members~~ adopt and amend the comprehensive plan or portion thereof as the official municipal plan upon such notice and hearing as may be prescribed by ordinance. Except for amendments to permit affordable housing

development, a resolution to amend or adopt a comprehensive plan must be approved by a two-thirds vote of all of the members. Amendments to permit an affordable housing development are approved by a simple majority of all of the members. For purposes of this subdivision, "affordable housing development" means a development in which at least 20 percent of the residential units are restricted to occupancy for at least ten years by residents whose household income at the time of initial occupancy does not exceed 60 percent of area median income, adjusted for household size, as determined by the United States Department of Housing and Urban Development, and with respect to rental units, the rents for affordable units do not exceed 30 percent of 60 percent of area median income, adjusted for household size, as determined annually by the United States Department of Housing and Urban Development.

Sec. 19. Laws 2009, chapter 78, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. <b>Business and Community Development</b>	8,980,000	8,980,000
--	-----------	-----------

Appropriations by Fund			
General	7,941,000	7,941,000	
Remediation	700,000	700,000	
Workforce Development	339,000	339,000	

(a) \$700,000 the first year and \$700,000 the second year are from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, section 116J.554. This appropriation is available until expended.

(b) \$200,000 each year is from the general fund for a grant to WomenVenture for women's business development programs and for programs that encourage and assist women to enter nontraditional careers in the trades; manual and technical occupations; science, technology, engineering, and mathematics-related occupations; and green jobs. This appropriation may be matched dollar for dollar with any resources available

15.1 from the federal government for these  
15.2 purposes with priority given to initiatives  
15.3 that have a goal of increasing by at least ten  
15.4 percent the number of women in occupations  
15.5 where women currently comprise less than 25  
15.6 percent of the workforce. The appropriation  
15.7 is available until expended.

15.8 (c) \$105,000 each year is from the general  
15.9 fund and \$50,000 each year is from the  
15.10 workforce development fund for a grant to  
15.11 the Metropolitan Economic Development  
15.12 Association for continuing minority business  
15.13 development programs in the metropolitan  
15.14 area. This appropriation must be used for the  
15.15 sole purpose of providing free or reduced  
15.16 fee business consulting services to minority  
15.17 entrepreneurs and contractors.

15.18 (d)(1) \$500,000 each year is from the  
15.19 general fund for a grant to BioBusiness  
15.20 Alliance of Minnesota for bioscience  
15.21 business development programs to promote  
15.22 and position the state as a global leader  
15.23 in bioscience business activities. This  
15.24 appropriation is added to the department's  
15.25 base. These funds may be used to create,  
15.26 recruit, retain, and expand biobusiness  
15.27 activity in Minnesota; implement the  
15.28 destination 2025 statewide plan; update  
15.29 a statewide assessment of the bioscience  
15.30 industry and the competitive position of  
15.31 Minnesota-based bioscience businesses  
15.32 relative to other states and other nations;  
15.33 and develop and implement business and  
15.34 scenario-planning models to create, recruit,  
15.35 retain, and expand biobusiness activity in  
15.36 Minnesota.

16.1 (2) The BioBusiness Alliance must report  
16.2 each year by February 15 to the committees  
16.3 of the house of representatives and the senate  
16.4 having jurisdiction over bioscience industry  
16.5 activity in Minnesota on the use of funds;  
16.6 the number of bioscience businesses and  
16.7 jobs created, recruited, retained, or expanded  
16.8 in the state since the last reporting period;  
16.9 the competitive position of the biobusiness  
16.10 industry; and utilization rates and results of  
16.11 the business and scenario-planning models  
16.12 and outcomes resulting from utilization of  
16.13 the business and scenario-planning models.

16.14 (e)(1) Of the money available in the  
16.15 Minnesota Investment Fund, Minnesota  
16.16 Statutes, section 116J.8731, to the  
16.17 commissioner of the Department of  
16.18 Employment and Economic Development,  
16.19 up to \$3,000,000 is appropriated in fiscal year  
16.20 2010 for a loan to an aircraft manufacturing  
16.21 and assembly company, associated with the  
16.22 aerospace industry, for equipment utilized  
16.23 to establish an aircraft completion center  
16.24 at the Minneapolis-St. Paul International  
16.25 Airport. The finishing center must use the  
16.26 state's vocational training programs designed  
16.27 specifically for aircraft maintenance training,  
16.28 and to the extent possible, work to recruit  
16.29 employees from these programs. The center  
16.30 must create at least 200 new manufacturing  
16.31 jobs within 24 months of receiving the  
16.32 loan, and create not less than 500 new  
16.33 manufacturing jobs over a five-year period  
16.34 in Minnesota.

16.35 (2) This loan is not subject to loan limitations  
16.36 under Minnesota Statutes, section 116J.8731,



17.1 subdivision 5. Any match requirements  
17.2 under Minnesota Statutes, section 116J.8731,  
17.3 subdivision 3, may be made from current  
17.4 resources. This is a onetime appropriation  
17.5 and is effective the day following final  
17.6 enactment.

17.7 (f) \$65,000 each year is from the general  
17.8 fund for a grant to the Minnesota Inventors  
17.9 Congress, of which at least \$6,500 must be  
17.10 used for youth inventors.

17.11 (g) \$200,000 the first year ~~and \$200,000~~  
17.12 ~~the second year are~~ is for the Office of  
17.13 Science and Technology. This is a onetime  
17.14 appropriation.

17.15 (h) \$500,000 the first year and \$500,000 the  
17.16 second year are for a grant to Enterprise  
17.17 Minnesota, Inc., for the small business  
17.18 growth acceleration program under  
17.19 Minnesota Statutes, section 116O.115. This  
17.20 is a onetime appropriation and is available  
17.21 until expended.

17.22 (i)(1) \$100,000 each year is from the  
17.23 workforce development fund for a grant  
17.24 under Minnesota Statutes, section 116J.421,  
17.25 to the Rural Policy and Development  
17.26 Center at St. Peter, Minnesota. The grant  
17.27 shall be used for research and policy  
17.28 analysis on emerging economic and social  
17.29 issues in rural Minnesota, to serve as a  
17.30 policy resource center for rural Minnesota  
17.31 communities, to encourage collaboration  
17.32 across higher education institutions, to  
17.33 provide interdisciplinary team approaches  
17.34 to research and problem-solving in rural

18.1 communities, and to administer overall  
18.2 operations of the center.

18.3 (2) The grant shall be provided upon the  
18.4 condition that each state-appropriated  
18.5 dollar be matched with a nonstate dollar.  
18.6 Acceptable matching funds are nonstate  
18.7 contributions that the center has received and  
18.8 have not been used to match previous state  
18.9 grants. Any funds not spent the first year are  
18.10 available the second year.

18.11 (j) Notwithstanding Minnesota Statutes,  
18.12 section 268.18, subdivision 2, \$414,000 of  
18.13 funds collected for unemployment insurance  
18.14 administration under this subdivision is  
18.15 appropriated as follows: \$250,000 to Lake  
18.16 County for ice storm damage; \$64,000 is for  
18.17 the city of Green Isle for reimbursement of  
18.18 fire relief efforts and other expenses incurred  
18.19 as a result of the fire in the city of Green Isle;  
18.20 and \$100,000 is to develop the construction  
18.21 mitigation pilot program to make grants ~~for~~  
18.22 ~~up to five projects statewide available to local~~  
18.23 government units to mitigate the impacts of  
18.24 transportation construction on local small  
18.25 business. These are onetime appropriations  
18.26 and are available until expended.

18.27 (k) Up to \$10,000,000 is appropriated  
18.28 from the Minnesota minerals 21st century  
18.29 fund to the commissioner of Iron Range  
18.30 resources and rehabilitation to make a grant  
18.31 or forgivable loan to a manufacturer of  
18.32 windmill blades at a facility to be located  
18.33 within the taconite tax relief area defined in  
18.34 Minnesota Statutes, section 273.134.

19.1 (l) \$1,000,000 is appropriated from the  
19.2 Minnesota minerals 21st century fund to  
19.3 the Board of Trustees of the Minnesota  
19.4 State Colleges and Universities for a grant  
19.5 to the Northeast Higher Education District  
19.6 for planning, design, and construction of  
19.7 classrooms and housing facilities for upper  
19.8 division students in the engineering program.

19.9 (m)(1) \$189,000 each year is appropriated  
19.10 from the workforce development fund for  
19.11 grants of \$63,000 to eligible organizations  
19.12 each year to assist in the development of  
19.13 entrepreneurs and small businesses. Each  
19.14 state grant dollar must be matched with \$1  
19.15 of nonstate funds. Any balance in the first  
19.16 year does not cancel but is available in the  
19.17 second year.

19.18 (2) Three grants must be awarded to  
19.19 continue or to develop a program. One  
19.20 grant must be awarded to the Riverbend  
19.21 Center for Entrepreneurial Facilitation  
19.22 in Blue Earth County, and two to other  
19.23 organizations serving Faribault and Martin  
19.24 Counties. Grant recipients must report to the  
19.25 commissioner by February 1 of each year  
19.26 that the organization receives a grant with the  
19.27 number of customers served; the number of  
19.28 businesses started, stabilized, or expanded;  
19.29 the number of jobs created and retained; and  
19.30 business success rates. The commissioner  
19.31 must report to the house of representatives  
19.32 and senate committees with jurisdiction  
19.33 over economic development finance on the  
19.34 effectiveness of these programs for assisting  
19.35 in the development of entrepreneurs and  
19.36 small businesses.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 20. **REPORT ON AT-RISK BUSINESSES; CREATION OF FAST-ACTION  
ECONOMIC RESPONSE TEAM.**

Not later than 30 days after the effective date of this section, the commissioner of employment and economic development shall submit to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over jobs and employment and economic development a report that identifies retention methods the department currently uses, and retention methods the department could use in the future, to identify businesses at risk for relocation or expansion outside of this state. The report must also include a proactive plan to identify businesses outside of this state that are seeking to relocate or expand, or that could be encouraged to relocate or expand through the use of incentives. In developing the plan, the commissioner shall collaborate with economic development stakeholders from state government, business, and nongovernmental organizations.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 21. **COMPARATIVE STUDY OF STATE REGULATION AFFECTING  
SMALL BUSINESS START-UPS.**

(a) \$65,000 is appropriated for fiscal year 2011 from the general fund to the Legislative Coordinating Commission to fund a grant for a comparative study of the effects of state regulation on the cost and delay required to start a typical small business in Minnesota, Iowa, North Dakota, South Dakota, and Wisconsin. This appropriation is available until spent.

(b) The study must examine the typical cost and delay required by state regulation in the five states to start a typical small services business, small retail business, and small manufacturing business. Within each of those three categories, the study must choose to study similar types of businesses and follow the start-up process in the two states from beginning to end, including formation, financing, licensing, permits, reporting requirements, employment laws, and state and local taxes. The study must result in a written report submitted to the Legislative Coordinating Commission no later than December 1, 2011.

(c) The Legislative Coordinating Commission shall request proposals and choose the recipient of the grant from among higher education institutions that have a graduate program in business, business administration, or a similar field. The Legislative Coordinating Commission shall periodically monitor the recipient's progress on the study

21.1 and written report. The Legislative Coordinating Commission shall submit the written  
21.2 report as a report to the legislature in compliance with Minnesota Statutes, sections 3.195  
21.3 and 3.197.

21.4 Sec. 22. **APPROPRIATION.**

21.5 \$200,000 is appropriated from the general fund in fiscal year 2011 to the Minnesota  
21.6 Science and Technology Authority for the purposes of Minnesota Statutes, chapter 116W.

21.7 **EFFECTIVE DATE.** This section is effective July 1, 2010.

21.8 Sec. 23. **REPEALER.**

21.9 Minnesota Statutes 2008, section 116J.657, is repealed.

21.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

## 21.11 **ARTICLE 2**

### 21.12 **UNEMPLOYMENT INSURANCE**

21.13 Section 1. Minnesota Statutes 2009 Supplement, section 268.035, subdivision 19a,  
21.14 is amended to read:

21.15 Subd. 19a. **Immediate family member.** "Immediate family member" means  
21.16 ~~the applicant's~~ an individual's spouse, parent, stepparent, son or daughter, stepson or  
21.17 stepdaughter, or grandson or granddaughter.

21.18 Sec. 2. Minnesota Statutes 2008, section 268.035, subdivision 20, is amended to read:

21.19 Subd. 20. **Noncovered employment.** "Noncovered employment" means:

21.20 (1) employment for the United States government or an instrumentality thereof,  
21.21 including military service;

21.22 (2) employment for a state, other than Minnesota, or a political subdivision or  
21.23 instrumentality thereof;

21.24 (3) employment for a foreign government;

21.25 (4) employment for an instrumentality wholly owned by a foreign government,  
21.26 if the employment is of a character similar to that performed in foreign countries by  
21.27 employees of the United States government or an instrumentality thereof and the United  
21.28 States Secretary of State has certified that the foreign government grants an equivalent  
21.29 exemption to similar employment performed in the foreign country by employees of the  
21.30 United States government and instrumentalities thereof;

(5) employment covered under United States Code, title 45, section 351, the Railroad Unemployment Insurance Act;

(6) employment covered by a reciprocal arrangement between the commissioner and another state or the federal government that provides that all employment performed by an individual for an employer during the period covered by the reciprocal arrangement is considered performed entirely within another state;

(7) employment for a church or convention or association of churches, or an organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a);

(8) employment of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order, for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a);

(9) employment of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a) in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

(10) employment of an individual receiving work relief or work training as part of an unemployment work relief or work training program assisted or financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause applies only to employment for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a). This clause does not apply to programs that require unemployment benefit coverage for the participants;

(11) employment for Minnesota or a political subdivision as an elected official, a member of a legislative body, or a member of the judiciary;

23.1 (12) employment as a member of the Minnesota National Guard or Air National  
23.2 Guard;

23.3 (13) employment for Minnesota, a political subdivision, or instrumentality thereof,  
23.4 as an employee serving only on a temporary basis in case of fire, flood, tornado, or  
23.5 similar emergency;

23.6 (14) employment as an election official or election worker for Minnesota or a  
23.7 political subdivision, but only if the compensation for that employment was less than  
23.8 \$1,000 in a calendar year;

23.9 (15) employment for Minnesota that is a major policy-making or advisory position  
23.10 in the unclassified service, including those positions established under section 43A.08,  
23.11 subdivision 1a;

23.12 (16) employment for a political subdivision of Minnesota that is a nontenured major  
23.13 policy making or advisory position;

23.14 (17) domestic employment in a private household, local college club, or local  
23.15 chapter of a college fraternity or sorority performed for a person, only if the wages paid  
23.16 in any calendar quarter in either the current or prior calendar year to all individuals in  
23.17 domestic employment totaled less than \$1,000.

23.18 "Domestic employment" includes all service in the operation and maintenance of a  
23.19 private household, for a local college club, or local chapter of a college fraternity or  
23.20 sorority as distinguished from service as an employee in the pursuit of an employer's  
23.21 trade or business;

23.22 (18) employment of an individual by a son, daughter, or spouse, and employment of  
23.23 a child under the age of 18 by the child's father or mother;

23.24 (19) employment for a personal care assistance provider agency by an immediate  
23.25 family member of a recipient who provides the direct care to the recipient through the  
23.26 personal care assistance program under section 256B.0659;

23.27 (20) employment of an inmate of a custodial or penal institution;

23.28 ~~(20)~~ (21) employment for a school, college, or university by a student who is  
23.29 enrolled and is regularly attending classes at the school, college, or university;

23.30 ~~(21)~~ (22) employment of an individual who is enrolled as a student in a full-time  
23.31 program at a nonprofit or public educational institution that maintains a regular faculty  
23.32 and curriculum and has a regularly organized body of students in attendance at the place  
23.33 where its educational activities are carried on, taken for credit at the institution, that  
23.34 combines academic instruction with work experience, if the employment is an integral  
23.35 part of the program, and the institution has so certified to the employer, except that this

24.1 clause does not apply to employment in a program established for or on behalf of an  
24.2 employer or group of employers;

24.3 ~~(22)~~ (23) employment of university, college, or professional school students in an  
24.4 internship or other training program with the city of St. Paul or the city of Minneapolis  
24.5 under Laws 1990, chapter 570, article 6, section 3;

24.6 ~~(23)~~ (24) employment for a hospital by a patient of the hospital. "Hospital" means  
24.7 an institution that has been licensed by the Department of Health as a hospital;

24.8 ~~(24)~~ (25) employment as a student nurse for a hospital or a nurses' training school by  
24.9 an individual who is enrolled and is regularly attending classes in an accredited nurses'  
24.10 training school;

24.11 ~~(25)~~ (26) employment as an intern for a hospital by an individual who has completed  
24.12 a four-year course in an accredited medical school;

24.13 ~~(26)~~ (27) employment as an insurance salesperson, by other than a corporate  
24.14 officer, if all the wages from the employment is solely by way of commission. The word  
24.15 "insurance" includes an annuity and an optional annuity;

24.16 ~~(27)~~ (28) employment as an officer of a township mutual insurance company or  
24.17 farmer's mutual insurance company operating under chapter 67A;

24.18 ~~(28)~~ (29) employment of a corporate officer, if the officer owns 25 percent or more  
24.19 of the employer corporation, and employment of a member of a limited liability company,  
24.20 if the member owns 25 percent or more of the employer limited liability company;

24.21 ~~(29)~~ (30) employment as a real estate salesperson, by other than a corporate officer,  
24.22 if all the wages from the employment is solely by way of commission;

24.23 ~~(30)~~ (31) employment as a direct seller as defined in United States Code, title 26,  
24.24 section 3508;

24.25 ~~(31)~~ (32) employment of an individual under the age of 18 in the delivery or  
24.26 distribution of newspapers or shopping news, not including delivery or distribution to any  
24.27 point for subsequent delivery or distribution;

24.28 ~~(32)~~ (33) casual employment performed for an individual, other than domestic  
24.29 employment under clause (17), that does not promote or advance that employer's trade or  
24.30 business;

24.31 ~~(33)~~ (34) employment in "agricultural employment" unless considered "covered  
24.32 agricultural employment" under subdivision 11; or

24.33 ~~(34)~~ (35) if employment during one-half or more of any pay period was covered  
24.34 employment, all the employment for the pay period is considered covered employment;  
24.35 but if during more than one-half of any pay period the employment was noncovered  
24.36 employment, then all of the employment for the pay period is considered noncovered



employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer.

Sec. 3. Minnesota Statutes 2008, section 268.046, subdivision 1, is amended to read:

Subdivision 1. **Tax accounts assigned.** (a) Any person that contracts with a taxpaying employer to have that person obtain the taxpaying employer's workforce and provide workers to the taxpaying employer for a fee is, as of the effective date of the contract, assigned for the duration of the contract the taxpaying employer's account under section 268.045. That tax account must be maintained by the person separate and distinct from every other tax account held by the person and identified in a manner prescribed by the commissioner. The tax account is, for the duration of the contract, considered that person's account for all purposes of this chapter. The workers obtained from the taxpaying employer and any other workers provided by that person to the taxpaying employer, including officers of the taxpaying employer as defined in section 268.035, subdivision 20, clause (28), whose wages paid by the person are considered paid in covered employment under section 268.035, subdivision 24, for the duration of the contract between the taxpaying employer and the person, must, under section 268.044, be reported on the wage detail report under that tax account, and that person must pay any taxes due at the tax rate computed for that account under section 268.051, subdivision 2.

(b) Any workers of the taxpaying employer who are not covered by the contract under paragraph (a) must be reported by the taxpaying employer as a separate unit on the wage detail report under the tax account assigned under paragraph (a). Taxes and any other amounts due on the wages reported by the taxpaying employer under this paragraph may be paid directly by the taxpaying employer.

(c) If the taxpaying employer that contracts with a person under paragraph (a) does not have a tax account at the time of the execution of the contract, an account must be registered for the taxpaying employer under section 268.042 and the new employer tax rate under section 268.051, subdivision 5, must be assigned. The tax account is then assigned to the person as provided for in paragraph (a).

(d) A person that contracts with a taxpaying employer under paragraph (a) must, within 30 calendar days of the execution or termination of a contract, notify the commissioner by electronic transmission, in a format prescribed by the commissioner, of that execution or termination. The taxpaying employer's name, the account number assigned, and any other information required by the commissioner must be provided by that person.

(e) Any contract subject to paragraph (a) must specifically inform the taxpaying employer of the assignment of the tax account under this section and the taxpaying employer's obligation under paragraph (b). If there is a termination of the contract, the tax account is, as of the date of termination, immediately assigned to the taxpaying employer.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2008, section 268.051, subdivision 2, is amended to read:

Subd. 2. **Computation of tax rates; additional assessments.** (a) For each calendar year the commissioner ~~shall~~ must compute the tax rate of each taxpaying employer that qualifies for an experience rating by adding the base tax rate to the employer's experience rating along with assigning any appropriate additional assessment under paragraph ~~(d)~~ (c).

(b) The base tax rate for the calendar year and any additional assessments under this subdivision are determined based upon the amount in the trust fund on March 31 of the prior year as a percentage of total wages paid in covered employment. The base tax rate is:

(1) one-tenth of one percent if the trust fund is equal to or more than 0.75 percent;

(2) two-tenths of one percent if the trust fund is less than 0.75 percent but equal to or more than 0.65 percent;

(3) three-tenths of one percent if the trust fund is less than 0.65 percent but equal to or more than 0.55 percent; ~~or~~

(4) four-tenths of one percent if the trust fund is less than 0.55 percent, but has a positive balance; or

(5) five-tenths of one percent if the trust fund has a negative balance and is borrowing from the federal unemployment trust fund in order to pay unemployment benefits as provided for under section 268.194, subdivision 6.

~~(c) There is a "falling trust fund adjustment" to the base tax rate for the calendar year if the amount in the trust fund on March 31 of the prior year is less than 0.75 percent of total wages paid in covered employment and:~~

~~(1) the amount in the trust fund on March 31 of the prior year is ten percent or more below the amount in the trust fund on March 31 of the year before that; or~~

~~(2) the amount in the trust fund on March 31 of the prior year is greater than the amount in the trust fund on June 30 of that same year.~~

~~If a "falling trust fund adjustment" is applicable, then the base tax rate is one-tenth of one percent greater than otherwise provided for under paragraph (b).~~

~~(d)~~ In addition to the base tax rate, there is an additional assessment for the calendar year on the quarterly unemployment taxes due from every taxpaying employer if the

amount in the trust fund on March 31 of the prior year is less than 0.55 percent of total wages paid in covered employment. The assessment is as follows:

(1) a five percent assessment if the trust fund is less than 0.55 percent but equal to or more than 0.45 percent;

(2) a ten percent assessment if the trust fund is less than 0.45 percent but equal to or more than 0.35 percent; or

(3) a 14 percent assessment if the trust fund is less than 0.35 percent.

~~(e)~~ (d) For the purposes of this subdivision, the trust fund does not include any money borrowed from the federal unemployment trust fund provided for in section 268.194, subdivision 6.

~~(f)~~ (e) For the purposes of this subdivision, total wages paid in covered employment are those wages paid to all employees in covered employment during the calendar year before the March 31 date used in paragraph (b).

~~(g)~~ (f) The base tax rate and any additional assessments are assessed on all taxpaying employers to cover a portion of the costs to the trust fund for unemployment benefits paid that do not affect any single employer's future experience rating because:

(1) the employer's experience rating is limited by the maximum under subdivision 3, paragraph (b);

(2) the employer has ceased doing business; or

(3) the unemployment benefits paid have been determined not to be used in computing the employer's experience rating under section 268.047, subdivision 2 or 3.

Sec. 5. Minnesota Statutes 2008, section 268.051, subdivision 5, is amended to read:

Subd. 5. **Tax rate for new employers.** (a) Each new taxpaying employer that does not qualify for an experience rating under subdivision 3, except new employers in a high experience rating industry, must be assigned, for a calendar year, a tax rate the higher of (1) one percent, or (2) the tax rate computed, to the nearest ~~one-hundredth~~ 1/100 of a percent, by dividing the total amount of unemployment benefits paid all applicants during the 48 calendar months ending on June 30 of the prior calendar year by the total taxable wages of all taxpaying employers during the same period, plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (d).

(b) Each new taxpaying employer in a high experience rating industry that does not qualify for an experience rating under subdivision 3, must be assigned, for a calendar year, a tax rate the higher of 8.00 percent, (1) that assigned under paragraph (a), or (2) the tax rate, computed to the nearest 1/100 of a percent, by dividing the total amount of unemployment benefits paid to all applicants from high experience rating industry

employers during the 48 calendar months ending on June 30 of the prior calendar year by the total taxable wages of all high experience rating industry employers during the same period, to a maximum provided for under subdivision 3, paragraph (b), plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (d).

(c) An employer is considered to be in a high experience rating industry if:

(1) the employer is engaged in residential, commercial, or industrial construction, including general contractors;

(2) the employer is engaged in sand, gravel, or limestone mining;

(3) the employer is engaged in the manufacturing of concrete, concrete products, or asphalt; or

(4) the employer is engaged in road building, repair, or resurfacing, including bridge and tunnels and residential and commercial driveways and parking lots.

~~(c)~~ (d) The commissioner ~~shall~~ must send to the new employer, by mail or electronic transmission, notice of the tax rate assigned. An employer may appeal the assignment of a tax rate in accordance with the procedures in subdivision 6, paragraph (c).

Sec. 6. Minnesota Statutes 2008, section 268.051, subdivision 7, is amended to read:

Subd. 7. **Tax rate buydown.** (a) Any taxpaying employer that has been assigned a tax rate based upon an experience rating, and has no amounts past due under this chapter, may, upon the payment of an amount equivalent to any portion or all of the unemployment benefits used in computing the experience rating plus a surcharge of 25 percent, obtain a cancellation of unemployment benefits used equal to the payment made, less the surcharge. The payment is applied to the most recent unemployment benefits paid that are used in computing the experience rating. Upon the payment, the commissioner ~~shall~~ must compute a new experience rating for the employer, and compute a new tax rate.

(b) Payments for a tax rate buydown may be made only by electronic payment and must be received within 120 calendar days from the beginning of the calendar year for which the tax rate is effective.

(c) For calendar years 2011, 2012, and 2013, the surcharge of 25 percent provided for in paragraph (a) does not apply.

Sec. 7. Minnesota Statutes 2009 Supplement, section 268.052, subdivision 2, is amended to read:

Subd. 2. **Election by state or political subdivision to be taxpaying employer.** (a) The state or political subdivision may elect to be a taxpaying employer ~~for any calendar year~~ if a notice of election is filed ~~within 30 calendar days following January 1 of that~~

29.1 ~~calendar year.~~ The election is effective at the beginning of the next calendar quarter. Upon  
29.2 election, the state or political subdivision must be assigned the new employer tax rate  
29.3 under section 268.051, subdivision 5, for the calendar year of the election and unless or  
29.4 until it qualifies for an experience rating under section 268.051, subdivision 3.

29.5 ~~(b)~~ An election is for a minimum period of ~~two~~ 24 calendar ~~years~~ months following  
29.6 the effective date of the election and continue unless a notice terminating the election  
29.7 is filed ~~not later than 30 calendar days before the beginning of the calendar year.~~ The  
29.8 termination is effective at the beginning of the next calendar ~~year~~ quarter.

29.9 ~~(e)~~ (b) The method of payments to the trust fund under subdivisions 3 and 4 applies  
29.10 to all taxes paid by or due from the state or political subdivision that elects to be taxpaying  
29.11 employers under this subdivision.

29.12 ~~(d)~~ (c) A notice of election or a notice terminating election must be filed by  
29.13 electronic transmission in a format prescribed by the commissioner.

29.14 **EFFECTIVE DATE.** This section is effective November 30, 2010.

29.15 Sec. 8. Minnesota Statutes 2009 Supplement, section 268.053, subdivision 1, is  
29.16 amended to read:

29.17 Subdivision 1. **Election.** (a) Any nonprofit organization that has employees in  
29.18 covered employment must pay taxes on a quarterly basis in accordance with section  
29.19 268.051 unless it elects to make reimbursements to the trust fund the amount of  
29.20 unemployment benefits charged to its reimbursable account under section 268.047.

29.21 The organization may elect to make reimbursements for a period of not less than ~~two~~  
29.22 24 calendar ~~years~~ months beginning with the date that the organization was determined to  
29.23 be an employer with covered employment by filing a notice of election not later than 30  
29.24 calendar days after the date of the determination.

29.25 (b) Any nonprofit organization that makes an election will continue to be liable for  
29.26 reimbursements until it files a notice terminating its election ~~not later than 30 calendar~~  
29.27 ~~days~~ before the beginning of the calendar ~~year~~ quarter the termination is to be effective.

29.28 ~~(e)~~ A nonprofit organization that has been making reimbursements that files a notice  
29.29 of termination of election must be assigned the new employer tax rate under section  
29.30 268.051, subdivision 5, ~~for the calendar year of the termination of election and unless or~~  
29.31 until it qualifies for an experience rating under section 268.051, subdivision 3.

29.32 ~~(d)~~ (c) Any nonprofit organization that has been paying taxes may elect to make  
29.33 reimbursements by filing ~~no less than 30 calendar days before January 1 of any calendar~~  
29.34 ~~year~~ a notice of election. The election is effective at the beginning of the next calendar

30.1 quarter. The election is not terminable by the organization for ~~that and the next 24~~  
30.2 calendar year months.

30.3 ~~(e)~~ (d) The commissioner may for good cause extend the period that a notice of  
30.4 election, or a notice of termination, must be filed and may permit an election to be  
30.5 retroactive.

30.6 ~~(f)~~ (e) A notice of election or notice terminating election must be filed by electronic  
30.7 transmission in a format prescribed by the commissioner.

30.8 **EFFECTIVE DATE.** This section is effective November 30, 2010.

30.9 Sec. 9. Minnesota Statutes 2008, section 268.07, as amended by Laws 2009, chapter  
30.10 15, sections 5 and 6, and chapter 78, article 3, section 6, and article 4, sections 19 to  
30.11 21, is amended to read:

30.12 **268.07 BENEFIT ACCOUNT.**

30.13 Subdivision 1. **Application for unemployment benefits; determination of benefit**  
30.14 **account.** (a) An application for unemployment benefits may be filed in person, by mail,  
30.15 or by electronic transmission as the commissioner may require. The applicant must be  
30.16 unemployed at the time the application is filed and must provide all requested information  
30.17 in the manner required. If the applicant is not unemployed at the time of the application  
30.18 or fails to provide all requested information, the communication is not considered an  
30.19 application for unemployment benefits.

30.20 (b) The commissioner must examine each application for unemployment benefits to  
30.21 determine the base period and the benefit year, and based upon all the covered employment  
30.22 in the base period the commissioner ~~shall~~ must determine the weekly unemployment  
30.23 benefit amount available, if any, and the maximum amount of unemployment benefits  
30.24 available, if any. The determination, which is a document separate and distinct from a  
30.25 document titled a determination of eligibility or determination of ineligibility issued under  
30.26 section 268.101, must be titled determination of benefit account. A determination of  
30.27 benefit account must be sent to the applicant and all base period employers, by mail or  
30.28 electronic transmission.

30.29 (c) If a base period employer did not provide wage detail information for the  
30.30 applicant as required under section 268.044, or provided erroneous information, or wage  
30.31 detail is not yet due and the applicant is using an alternate base period under section  
30.32 268.035, subdivision 4, paragraph (d), the commissioner may accept an applicant  
30.33 certification of wage credits, based upon the applicant's records, and issue a determination  
30.34 of benefit account.

(d) An employer must provide wage detail information on an applicant within five calendar days of request by the commissioner, in a manner and format requested, when:

(1) the applicant is using an alternate base period under section 268.035, subdivision 4, paragraph (d); and

(2) wage detail under section 268.044 is not yet required to have been filed by the employer.

(e) The commissioner may, at any time within 24 months from the establishment of a benefit account, reconsider any determination of benefit account and make an amended determination if the commissioner finds that the wage credits listed in the determination ~~was~~ were incorrect for any reason. An amended determination of benefit account must be promptly sent to the applicant and all base period employers, by mail or electronic transmission. This subdivision does not apply to documents titled determinations of eligibility or determinations of ineligibility issued under section 268.101.

(f) If an amended determination of benefit account reduces the weekly unemployment benefit amount or maximum amount of unemployment benefits available, any unemployment benefits that have been paid greater than the applicant was entitled is considered an overpayment of unemployment benefits. A determination or amended determination issued under this section that results in an overpayment of unemployment benefits must set out the amount of the overpayment and the requirement under section 268.18, subdivision 1, that the overpaid unemployment benefits must be repaid.

Subd. 2. **Benefit account requirements and weekly unemployment benefit amount and maximum amount of unemployment benefits.** (a) Unless paragraph (b) applies, to establish a benefit account:

(1) using the primary base period under section 268.035, subdivision 4, paragraph (a), an applicant must have:

~~(1)~~ (i) wage credits in the high quarter of \$1,000 or more; and

~~(2)~~ (ii) wage credits, in other than the high quarter, of \$250 or more.

~~To establish a benefit account, or~~

(2) using the secondary base period under section 268.035, subdivision 4, paragraph (b), an applicant must have wage credits in the high quarter of \$1,000 or more.

(b) To establish a new benefit account within 52 calendar weeks following the expiration of the benefit year on a prior benefit account, an applicant must meet the requirements of paragraph (a) and must have performed services in covered employment in a calendar quarter that started after the effective date of the prior benefit account. The wage credits for those services must be at least eight times the weekly benefit amount on

the prior benefit account. One of the reasons for this paragraph is to prevent an applicant from establishing a second benefit account as a result of one loss of employment.

**Subd. 2a. Weekly unemployment benefit amount and maximum amount of unemployment benefits available.** ~~(b)~~ (a) If an applicant has established a benefit account under subdivision 2, the weekly unemployment benefit amount available during the applicant's benefit year is the higher of:

(1) 50 percent of the applicant's average weekly wage during the base period, to a maximum of 66-2/3 percent of the state's average weekly wage; or

(2) 50 percent of the applicant's average weekly wage during the high quarter, to a maximum of 43 percent of the state's average weekly wage.

The applicant's average weekly wage under clause (1) is computed by dividing the total wage credits by 52. The applicant's average weekly wage under clause (2) is computed by dividing the high quarter wage credits by 13.

~~(e)~~ (b) The state's maximum weekly benefit amount, computed in accordance with section 268.035, subdivision 23, applies to a benefit account established effective on or after the last Sunday in October. Once established, an applicant's weekly unemployment benefit amount is not affected by the last Sunday in October change in the state's maximum weekly unemployment benefit amount.

~~(d)~~ (c) The maximum amount of unemployment benefits available on any benefit account is the lower of:

(1) 33-1/3 percent of the applicant's total wage credits; or

(2) 26 times the applicant's weekly unemployment benefit amount.

~~Subd. 3. Second benefit account requirements. To establish a second benefit account following the expiration of a benefit year on a prior benefit account, an applicant must meet the requirements of subdivision 2 and must have performed services in covered employment after the effective date of the prior benefit account. The wages paid for those services must be at least eight times the weekly unemployment benefit amount of the prior benefit account. Part of the reason for this subdivision is to prevent an applicant from establishing more than one benefit account as a result of one loss of employment.~~

**Subd. 3a. Right of appeal.** (a) A determination or amended determination of benefit account is final unless an applicant or base period employer within 20 calendar days after the sending of the determination or amended determination files an appeal. Every determination or amended determination of benefit account must contain a prominent statement indicating in clear language the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268.105.



(b) Any applicant or base period employer may appeal from a determination or amended determination of benefit account on the issue of whether services performed constitute employment ~~and~~, whether the employment is considered covered employment, and whether money paid constitutes wages. Proceedings on the appeal are conducted in accordance with section 268.105.

Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for unemployment benefits is effective the Sunday of the calendar week that the application was filed. An application for unemployment benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating at the time the application is filed. An application may be backdated only if the applicant had no employment during the period of the backdating. If an individual attempted to file an application for unemployment benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) A benefit account established under subdivision 2 is effective the date the application for unemployment benefits was effective.

(c) A benefit account, once established, may later be withdrawn only if:

(1) the applicant has not been paid any unemployment benefits on that benefit account; and

(2) a new application for unemployment benefits is filed and a new benefit account is established at the time of the withdrawal.

A determination or amended determination of eligibility or ineligibility issued under section 268.101, that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account. A determination of ineligibility requiring subsequent earnings to satisfy the period of ineligibility under section 268.095, subdivision 10, applies to the weekly unemployment benefit amount on the new benefit account.

(d) An application for unemployment benefits is not allowed before the Sunday following the expiration of the benefit year on a prior benefit account. Except as allowed under paragraph (c), an applicant may establish only one benefit account each 52 calendar weeks.

**EFFECTIVE DATE.** This section is effective the first Sunday following final enactment.

Sec. 10. Minnesota Statutes 2009 Supplement, section 268.085, subdivision 1, is amended to read:

Subdivision 1. **Eligibility conditions.** An applicant may be eligible to receive unemployment benefits for any week if:

(1) the applicant has filed a continued request for unemployment benefits for that week under section 268.0865;

(2) the week for which unemployment benefits are requested is in the applicant's benefit year;

(3) the applicant was unemployed as defined in section 268.035, subdivision 26;

(4) the applicant was available for suitable employment as defined in subdivision 15. The applicant's weekly unemployment benefit amount is reduced one-fifth for each day the applicant is unavailable for suitable employment. This clause does not apply to an applicant who is in reemployment assistance training, or each day the applicant is on jury duty or serving as an election judge;

(5) the applicant was actively seeking suitable employment as defined in subdivision 16. This clause does not apply to an applicant who is in reemployment assistance training or who was on jury duty throughout the week;

(6) the applicant has served a nonpayable ~~waiting~~ period of one week that the applicant is otherwise entitled to some amount of unemployment benefits. This clause does not apply if the applicant would have been entitled to federal disaster unemployment assistance because of a disaster in Minnesota, but for the applicant's establishment of a benefit account under section 268.07; and

(7) the applicant has been participating in reemployment assistance services, such as job search and resume writing classes, if the applicant has been determined in need of reemployment assistance services by the commissioner, unless the applicant has good cause for failing to participate.

Sec. 11. Minnesota Statutes 2008, section 268.085, subdivision 9, is amended to read:

Subd. 9. **Business owners.** (a) Wage credits from an employer may not be used for unemployment benefit purposes by any applicant who:

(1) individually, jointly, or in combination with the applicant's spouse, parent, or child owns or controls directly or indirectly 25 percent or more interest in the employer; or

(2) is the spouse, parent, or ~~minor~~ child of any individual who owns or controls directly or indirectly 25 percent or more interest in the employer.

This subdivision is effective when the applicant has been paid five times the applicant's weekly unemployment benefit amount in the current benefit year. This subdivision does not apply if the applicant had wages paid in covered employment of \$7,500 or more from the employer covered by this subdivision in each of the 16 calendar

35.1 quarters prior to the effective date of the benefit account and all taxes due on those wages  
35.2 have been paid.

35.3 (b) An officer of a taxpaying employer referred to in section 268.046, subdivision 1,  
35.4 is subject to the limitations of this subdivision.

35.5 Sec. 12. Minnesota Statutes 2009 Supplement, section 268.136, subdivision 1, is  
35.6 amended to read:

35.7 Subdivision 1. **Shared work agreement requirements.** (a) An employer may  
35.8 submit a proposed shared work plan for an employee group to the commissioner for  
35.9 approval in a manner and format set by the commissioner. The proposed agreement  
35.10 must include:

35.11 (1) a certified statement that the normal weekly hours of work of all of the proposed  
35.12 participating employees were full time but are now reduced, or will be reduced, with a  
35.13 corresponding reduction in pay, in order to prevent layoffs;

35.14 (2) the name and Social Security number of each participating employee;

35.15 (3) a certified statement of when each participating employee was first hired by the  
35.16 employer, which must be at least one year before the proposed agreement is submitted;

35.17 (4) the hours of work each participating employee will work each week for the  
35.18 duration of the agreement, which must be at least 20 hours and no more than 32 hours  
35.19 per week, except that the agreement may provide for a uniform vacation shutdown of up  
35.20 to two weeks;

35.21 (5) the proposed duration of the agreement, which must be at least two months and  
35.22 not more than one year, although an agreement may be extended for up to an additional  
35.23 year upon approval of the commissioner;

35.24 (6) a starting date beginning on a Sunday at least 15 calendar days after the date  
35.25 the proposed agreement is submitted; and

35.26 (7) a signature of an owner or officer of the employer who is listed as an owner or  
35.27 officer on the employer's account under section 268.045.

35.28 (b) An agreement may not be approved for an employer that:

35.29 (1) has any unemployment tax or reimbursements, including any interest, fees,  
35.30 or penalties, due but unpaid; or

35.31 (2) has the maximum experience rating provided for under section 268.051,  
35.32 subdivision 3; ~~or~~

35.33 ~~(3) is in a high-experience rating industry as defined in section 268.051, subdivision~~  
35.34 ~~5.~~

Sec. 13. **SPECIAL STATE EXTENDED UNEMPLOYMENT INSURANCE PROGRAM.**

Subdivision 1. Eligibility. (a) Special state extended unemployment insurance benefits are payable under this section to an applicant who does not qualify for extended unemployment insurance benefits under Minnesota Statutes, section 268.115, solely because the applicant does not have wage credits of at least 40 times the applicant's weekly benefit amount.

(b) Except as provided in paragraph (a), all requirements for extended unemployment benefits under Minnesota Statutes, section 268.115, and all other requirements of Minnesota Statutes, chapter 268, must be met in order for an applicant to be eligible for special state extended unemployment insurance benefits under this section.

(c) Except as provided for in paragraph (d), special state extended unemployment insurance benefits are payable in the same amounts, for the same duration, and for the same time period as provided for under Minnesota Statutes, section 268.115.

(d) The maximum amount of special state extended unemployment insurance benefits under this section available to an applicant is reduced by the amount of special state emergency unemployment insurance benefits paid the applicant under Laws 2009, chapter 1, section 2.

Subd. 2. Payment from trust fund. Special state extended unemployment insurance benefits are payable from the Minnesota unemployment insurance trust fund. Special state extended unemployment insurance benefits must not be used in computing the future unemployment insurance tax rate of a taxpaying employer, and they must not be charged to the reimbursing account of government or nonprofit employers.

Subd. 3. Expiration. This section expires on March 26, 2011, and no benefits may be paid under this section for a week beginning after that date.

**EFFECTIVE DATE.** This section is effective June 30, 2010.

Sec. 14. **LEAVES OF ABSENCE.**

Minnesota Statutes, section 268.088, applies to leaves of absence taken by workers at the New Ulm location of 3M during 2009. The department must, notwithstanding any prior determination or appeal decision, redetermine an applicant's entitlement to unemployment benefits under this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 15. SPECIAL STATE EMERGENCY UNEMPLOYMENT  
COMPENSATION.

Notwithstanding the June 30, 2010, expiration date of Laws 2009, chapter 1, section 2, subdivision 4, if an applicant has received special state emergency unemployment compensation under that law for a week beginning prior to June 30, 2010, but has not exhausted the maximum amount available to the applicant under that law, the applicant may continue to receive special state emergency unemployment compensation under that law up to the applicant's determined maximum under that law. This section expires March 26, 2011, and no benefits may be paid pursuant to this section for a week beginning after that date.

Sec. 16. NEW BENEFIT ACCOUNTS.

If an applicant establishes a new benefit account under Minnesota Statutes, section 268.07, subdivision 2, paragraph (b), within 39 weeks of the expiration of the benefit year on a prior benefit account, notwithstanding Minnesota Statutes, section 268.07, subdivision 2a, paragraph (a), the weekly benefit amount on the new benefit account will not be less than 80 percent of the weekly benefit amount on the prior benefit account.

**EFFECTIVE DATE.** This section applies to benefit accounts effective on or after the first Sunday following enactment and expires the earlier of: (1) the effective date of any federal legislation allowing an applicant to continue to collect federal emergency unemployment compensation, notwithstanding the applicant qualifying for a new regular state benefit account under Minnesota Statutes, section 268.07, subdivision 2, paragraph (b); or (2) June 30, 2011.

Sec. 17. REVISOR'S INSTRUCTION.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number in column B.

<u>Column A</u>	<u>Column B</u>
<u>268.035, subdivision 12b</u>	<u>268.035, subdivision 12d</u>
<u>268.035, subdivision 21a</u>	<u>268.035, subdivision 21c</u>
<u>268.035, subdivision 20a</u>	<u>268.035, subdivision 21b</u>
<u>268.035, subdivision 25a</u>	<u>268.035, subdivision 25c</u>

ARTICLE 3

LABOR STANDARDS AND WAGES; LICENSING AND FEES

Section 1. **[184B.20] INFLATABLE AMUSEMENT EQUIPMENT.**

**Subdivision 1. Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Commercial use" means regular use of an inflatable for profit by an owner at a permanently located facility:

(1) to which the general public is invited; or

(2) which the owner makes available at that facility for private parties or other events.

"Commercial use" does not include use of an inflatable (i) at a carnival, festival, fair, private party, or similar venue at a location other than the permanently located facility, or (ii) at a facility where the use of the inflatable is incidental to the primary use of the facility.

(c) "Inflatable" means an amusement device, used to bounce or otherwise play on, that incorporates a structural and mechanical system and employs a high-strength fabric or film that achieves its strength, shape, and stability by tensioning from internal air pressure.

(d) "Owner" means a person who owns, leases as lessee, or controls the operation of an inflatable for commercial use.

(e) "Person" has the meaning given in section 302A.011, subdivision 22.

(f) "Supervisor" means an individual stationed within close proximity to an inflatable during its use, for the purpose of supervising its safe use.

(g) "Trained" means that an individual has received instruction in how to supervise the safe use of inflatables in accordance with industry and ASTM standards.

**Subd. 2. Prohibition.** No owner shall provide an inflatable for commercial use in this state by others unless the owner complies with this section.

**Subd. 3. Protection against injuries from falls.** An inflatable that is in commercial use must be placed in a manner that complies with ASTM Standard F 2374.07, adopted by the American Society for Testing and Materials, including any future updates to that standard.

**Subd. 4. Supervision by trained person required.** No owner of an inflatable shall allow commercial use of the inflatable unless a trained supervisor is present in close proximity to the inflatable and is actively supervising its use. The ratio of supervisors to inflatables must comply with ASTM Standard F 2374.07, as referenced under subdivision 3.

**Subd. 5. Insurance required; waiver of liability limited.** (a) An owner of an inflatable that is subject to subdivision 2 shall maintain liability insurance covering

liability for a death or injury resulting from commercial use of the inflatable with limits of no less than \$1,000,000 per occurrence and \$2,000,000 aggregate per year. The insurance shall also include medical payments coverage of no less than \$5,000 per occurrence, which may be limited to injuries incurred while using an inflatable, including getting on or off of the inflatable. The insurance must be issued by an insurance company authorized to issue the coverage in this state by the commissioner of commerce, and must be kept in force during the entire period of registration. In the event of a policy cancellation, the insurer will send written notice to the commissioner of labor and industry at the same time that a cancellation request is received from or a notice is sent to the insured.

(b) A waiver of liability signed by or on behalf of a minor for injuries arising out of the negligence of the owner or the owner's employee or designee is void.

**Subd. 6. Registration required.** An owner of an inflatable that is subject to subdivision 2 must obtain and maintain a current registration with the commissioner of labor and industry. The registration information must include the name, address, telephone number, and e-mail address of the owner, the street address of each facility at which the owner regularly provides inflatables for commercial use in this state by others, and a current insurance certificate of coverage proving full compliance with subdivision 5. The commissioner shall issue and renew a certificate of registration only to owners who comply with this section. The commissioner shall charge a registration fee of \$100 for a two-year registration designed to cover the cost of registration and enforcement. Fee receipts must be deposited in the state treasury and credited to the construction code fund. The registration certificate shall be issued and renewed for a two-year period. The registrant shall promptly notify the commissioner in writing of any changes in the registration information required in this subdivision.

**Subd. 7. Enforcement.** The commissioner of labor and industry shall enforce this section and may use for that purpose section 326B.082 and any powers otherwise available to the commissioner for enforcement purposes, including suspension or revocation of the person's registration and assessment of fines.

**EFFECTIVE DATE.** This section is effective August 1, 2010.

## Sec. 2. **[326B.091] DEFINITIONS.**

**Subdivision 1. Applicability.** For purposes of sections 326B.091 to 326B.098, the terms defined in this section have the meanings given them.

**Subd. 2. Applicant.** "Applicant" means a person who has submitted to the department an application for a license.

Subd. 3. **License.** "License" means any registration, certification, or other form of approval authorized by chapters 326B and 327B to be issued by the commissioner or department as a condition of doing business or conducting a trade, profession, or occupation in Minnesota. License includes specifically but not exclusively an authorization issued by the commissioner or department: to perform electrical work, plumbing or water conditioning work, high pressure piping work, or residential building work of a residential contractor, residential remodeler, or residential roofer; to install manufactured housing; to serve as a building official; or to operate a boiler or boat.

Subd. 4. **Licensee.** "Licensee" means the person named on the license as the person authorized to do business or conduct the trade, profession, or occupation in Minnesota.

Subd. 5. **Notification date.** "Notification date" means the date of the written notification from the department to an applicant that the applicant is qualified to take the examination required for licensure.

Subd. 6. **Renewal deadline.** "Renewal deadline," when used with respect to a license, means 30 days before the date that the license expires.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

### Sec. 3. **[326B.092] FEES.**

Subdivision 1. **Licenses requiring examination administered by commissioner.**  
(a) If the applicant for a license must pass an examination administered by the commissioner in order to obtain the license, then the application for the initial license must be accompanied by an application and examination fee of \$50, which is separate from the license fee. The license fee is due after the applicant passes the examination and before the license is issued.

(b) If the applicant for a Minnesota license holds a license in another state and is seeking Minnesota licensure without examination based on reciprocity, then the application for the Minnesota license must be accompanied by the application and examination fee of \$50, which is separate from the license fee. If the commissioner approves the application, then the license fee is due before the license is issued.

Subd. 2. **Licenses not requiring examination administered by commissioner.**  
If the applicant for a license is not required to pass an examination in order to obtain the license, or is required to pass an examination that is not administered by the commissioner, then the license fee must accompany the application for the license. If the application is for a license issued under sections 326B.802 to 326B.885 and is not an application for license renewal, then the contractor recovery fund fee required under section 326B.89,



subdivision 3, is due after the department has determined that the applicant meets the qualifications for licensing and before the license is issued.

**Subd. 3. Late fee.** The department must receive a complete application for license renewal by the renewal deadline but not more than 90 days before the renewal deadline. If the department receives a renewal application after the expiration of the license, then the renewal application must be accompanied by a late fee equal to one-half of the license renewal fee; except that, for the purpose of calculating the late fee only, the license renewal fee shall not include any contractor recovery fund fee required by section 326B.89, subdivision 3.

**Subd. 4. Lapsed licensed fee.** If the department receives a renewal application within two years after expiration of the license, the renewal application must be accompanied by all license renewal fees to cover the period that the license was expired, plus the late fee described in subdivision 3 and the license renewal fee for the current renewal period.

**Subd. 5. Insufficient fees.** If the applicant does not include all required fees with the application, then the application will be incomplete and the department will notify the applicant of the amount of the deficiency.

**Subd. 6. Fees nonrefundable.** Application and examination fees, license fees, license renewal fees, and late fees are nonrefundable except for:

(1) license renewal fees received more than two years after expiration of the license, as described in section 326B.094, subdivision 2;

(2) any overpayment of fees; and

(3) if the license is not renewed, the contractor recovery fund fee and any additional assessment paid under subdivision 7, paragraph (e).

**Subd. 7. License fees and license renewal fees.** (a) The license fee for each license except a renewed license shall be the base license fee plus any applicable board fee, as set forth in this subdivision. The license renewal fee for each renewed license is the base license fee plus any applicable board fee, continuing education fee, and contractor recovery fund fee and additional assessment, as set forth in this subdivision.

(b) For purposes of this section, "license duration" means the number of years for which the license is issued except that:

(1) if the initial license is not issued for a whole number of years, the license duration shall be rounded up to the next whole number; and

(2) if the department receives an application for license renewal after the renewal deadline, license duration means the number of years for which the renewed license would

have been issued if the renewal application had been submitted on time and all other requirements for renewal had been met.

(c) The base license fee shall depend on whether the license is classified as an entry level, master, journeyman, or business license, and on the license duration. The base license fee shall be:

<u>License Classification</u>	<u>License Duration</u>		
	<u>1 Year</u>	<u>2 Years</u>	<u>3 Years</u>
<u>Entry level</u>	<u>\$10</u>	<u>\$20</u>	<u>\$30</u>
<u>Journeyman</u>	<u>\$20</u>	<u>\$40</u>	<u>\$60</u>
<u>Master</u>	<u>\$40</u>	<u>\$80</u>	<u>\$120</u>
<u>Business</u>	<u>\$90</u>	<u>\$180</u>	<u>\$270</u>

(d) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be: \$10 if the renewal license duration is one year; \$20 if the renewal license duration is two years; and \$30 if the renewal license duration is three years.

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.93, then a board fee must be included in the license fee and the renewal license fee. The board fee for all license classifications shall be: \$4 if the license duration is one year; \$8 if the license duration is two years; and \$12 if the license duration is three years.

(f) If the application is for the renewal of a license issued under sections 326B.802 to 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision 3, and any additional assessment required under section 326B.89, subdivision 16, must be included in the license renewal fee.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

**Sec. 4. [326B.093] LICENSES REQUIRING EXAMINATION ADMINISTERED BY COMMISSIONER.**

**Subdivision 1. Qualifications for examination.** If the applicant for a license must pass an examination administered by the commissioner in order to obtain the license, then the applicant's complete application must demonstrate that the applicant is qualified to take the examination. The applicant is qualified to take the examination if the applicant meets all requirements for the license except for passing the examination.

**Subd. 2. Not qualified for examination.** If the applicant is not qualified to take the examination, then the commissioner must deny the application. The applicant may subsequently submit another application, accompanied by the required fee.

Subd. 3. **Taking the examination.** If the applicant is qualified to take the examination, then the department must notify the applicant, and the applicant may schedule a time to take the examination within one year after the notification date. If the applicant does not take the examination at the scheduled time, the applicant may, one time only, reschedule a time to take the examination on a date within one year after the notification date. If the applicant fails to take the examination within one year after the notification date, the commissioner must deny the application and the applicant forfeits the application/examination fee. The applicant may subsequently submit another application, accompanied by the required application/examination fee.

Subd. 4. **Examination results.** If the applicant receives a passing score on the examination and meets all other requirements for licensure, the commissioner must approve the application and notify the applicant of the approval within 60 days of the date of the passing score. The applicant must, within 90 days after the notification of approval, pay the license fee. Upon receipt of the license fee, the commissioner must issue the license. If the applicant does not pay the license fee within 90 days after the notification of approval, the commissioner will rescind the approval and must deny the application. If the applicant does not receive a passing score on the examination, the commissioner must deny the application. If the application is denied because of the applicant's failure to receive a passing score on the examination, then the applicant cannot submit a new application for the license until at least 30 days after the notification of denial.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 5. **[326B.094] RENEWAL OF LICENSES.**

Subdivision 1. **Expiration of licenses.** Unless and until the department or commissioner issues a renewal of a license, the license expires on the expiration date printed on the license. While the license is expired, the licensee cannot perform the activities authorized by the license.

Subd. 2. **Availability of renewal.** A licensee may apply to renew a license no later than two years after the expiration of the license. If the department receives a complete renewal application no later than two years after the expiration of the license, then the department must approve or deny the renewal application within 60 days of receiving the complete renewal application. If the department receives a renewal application more than two years after the expiration of the license, the department must return the renewal license fee to the applicant without approving or denying the application. If the licensee wishes to obtain a valid license more than two years after expiration of the license, the licensee must apply for a new license.

Subd. 3. **Deadline for avoiding license expiration.** The department must receive a complete application to renew a license no later than the renewal deadline. If the department does not receive a complete application by the renewal deadline, the license may expire before the department has either approved or denied the renewal application.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 6. **[326B.095] INCOMPLETE LICENSE APPLICATIONS.**

This section applies to both applications for initial licenses and license renewal applications. If the department determines that an application is incomplete, the department must notify the applicant of the deficiencies that must be corrected in order to complete the application. If the applicant wishes to complete the application, the department must receive the completed application within 90 days after the date the department mailed or delivered the incomplete application to the applicant. If the department does not receive the completed application by this deadline, the commissioner must deny the application and the applicant will forfeit all fees except as provided in section 326B.092, subdivision 6. If the application is for license renewal and the department receives the corrected application after the license has expired, then the corrected application must be accompanied by the late fee.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 7. **[326B.096] REINSTATEMENT OF LICENSES.**

Subdivision 1. **Reinstatement after revocation.** (a) If a license is revoked under this chapter and if an applicant for a license needs to pass an examination administered by the commissioner before becoming licensed, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) retake the examination and achieve a passing score; and

(2) meet all other requirements for an initial license, including payment of the application and examination fee and the license fee. The person holding the revoked license is not eligible for Minnesota licensure without examination based on reciprocity.

(b) If a license is revoked under a chapter other than this chapter, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) apply for reinstatement to the commissioner no later than two years after the effective date of the revocation;

(2) pay a \$100 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order revoking the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the revocation.

**Subd. 2. Reinstatement after suspension.** If a license is suspended, then, in order to have the license reinstated, the person who holds the suspended license must:

(1) apply for reinstatement to the commissioner no later than two years after the completion of the suspension period;

(2) pay a \$100 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order suspending the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the suspension.

**Subd. 3. Reinstatement after voluntary termination.** A licensee who is not an individual may voluntarily terminate a license issued to the person under this chapter. If a licensee has voluntarily terminated a license under this subdivision, then, in order to have the license reinstated, the person who holds the terminated license must:

(1) apply for reinstatement to the commissioner no later than the date that the license would have expired if it had not been terminated;

(2) pay a \$100 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that the applicant does not need to repay a license fee that was paid before the termination.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

**Sec. 8. [326B.097] PROHIBITION OF TRANSFER.**

A licensee shall not transfer or sell any license.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

**Sec. 9. [326B.098] CONTINUING EDUCATION.**

**Subdivision 1. Applicability.** This section applies to seminars offered by the department for the purpose of allowing licensees to meet continuing education requirements for license renewal.

**Subd. 2. Rescheduling.** An individual who is registered with the department to attend a seminar may reschedule one time only, to attend the same seminar on a date within one year after the date of the seminar the individual was registered to attend.

Subd. 3. **Fees nonrefundable.** All seminar fees paid to the department are nonrefundable except for any overpayment of fees.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 10. Minnesota Statutes 2008, section 326B.133, subdivision 1, is amended to read:

Subdivision 1. **Designation.** Each municipality shall designate a building official to administer the code. A municipality may designate no more than one building official responsible for code administration defined by each certification category ~~established in rule~~ created by statute or rule. Two or more municipalities may combine in the designation of a building official for the purpose of administering the provisions of the code within their communities. In those municipalities for which no building officials have been designated, the state building official may use whichever state employees are necessary to perform the duties of the building official until the municipality makes a temporary or permanent designation. All costs incurred by virtue of these services rendered by state employees must be borne by the involved municipality and receipts arising from these services must be paid to the commissioner.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 11. Minnesota Statutes 2008, section 326B.133, is amended by adding a subdivision to read:

Subd. 2a. **Application; renewal; fees; expiration.** (a) An applicant for certification shall submit a completed application on a form approved by the commissioner to the department. The commissioner shall review applications for compliance with the requirements established by rule.

(b) Application for initial certification or renewal certification as a building official, building official-limited, or accessibility specialist shall be according to this section and sections 326B.092 to 326B.095.

(c) Fees shall be paid to the department according to section 326B.092.

(d) Unless revoked or suspended under this chapter, all certifications issued or renewed under this section expire two years from the date of original issuance and every two years thereafter.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 12. Minnesota Statutes 2008, section 326B.133, subdivision 3, is amended to read:

Subd. 3. **Certification criteria.** The commissioner shall by rule establish certification criteria as proof of qualification pursuant to subdivision 2. The commissioner may:

(1) develop and administer written and practical examinations to determine if a person is qualified pursuant to subdivision 2 to be a building official;

(2) accept documentation of successful completion of testing programs developed and administered by nationally recognized testing agencies, as proof of qualification pursuant to subdivision 2; or

(3) determine qualifications by satisfactory completion of clause (2) and a mandatory training program developed or approved by the commissioner.

Upon a determination of qualification under clause (1), (2), or (3), the commissioner shall issue a certificate to the building official stating that the official is certified. ~~Each person applying for examination and certification pursuant to this section shall pay a nonrefundable fee of \$70.~~ The commissioner or a designee may establish categories of certification that will recognize the varying complexities of code enforcement in the municipalities within the state. The commissioner shall provide educational programs designed to train and assist building officials in carrying out their responsibilities.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 13. Minnesota Statutes 2008, section 326B.133, is amended by adding a subdivision to read:

**Subd. 3a. Certification categories.** (a) If a municipality has adopted or adopts the State Building Code, the responsibilities for code administration and enforcement are under the authority of its designated building official or the certified building official-limited.

(b) Certified building official. This certification is identified as "certified building official" on the certificate card. This certification is granted to an individual who has met the certified building official requirements established by rule and passed the written examination prepared by the state. A person with this certification may serve as the designated building official for any municipality. For the purposes of calculating fees under section 326B.092, certification as a building official is a master license.

(c) Certified building official-limited. This certification is identified as "certified building official-limited" on the certification card. This certification is granted to an individual who has met the certified building official-limited requirements established by rule and passed the written examination prepared by the state. An individual with this certification may perform code administration for one- and two-family dwellings, their

accessory structures, and "exempt classes of buildings" as provided in Minnesota Rules, part 1800.5000, of the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design, and "facilities for persons with physical disabilities" that are governed by the State Building Code. Subject to the limitations of the building official-limited certification, an individual with this certification may serve as the designated building official for any municipality. Code administration for all other buildings must be performed by a certified building official as defined in paragraph (b). A certified building official-limited may conduct inspections for other structures regulated by the State Building Code under the direction of a designated certified building official or the state building official.

Subject to all other certification requirements, as of January 1, 2012, valid Class I certifications shall be included in the certified building official-limited category upon the next immediate renewal. For the purposes of calculating fees under section 326B.092, certification as a building official-limited is a journeyman license.

(d) Accessibility specialist. This certification is identified as accessibility specialist on the certification card. This certification is granted to an individual who has met the "accessibility specialist" requirements established by rule and passed the written examination prepared by the state. An individual with this classification is limited to the administration of those provisions of the State Building Code that provide access for persons with disabilities. For the purposes of calculating fees under section 326B.092, certification as an accessibility specialist is a journeyman license.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 14. Minnesota Statutes 2008, section 326B.133, subdivision 8, is amended to read:

**Subd. 8. Continuing education requirements; extension of time.** (a) This subdivision establishes the number of continuing education units required within each two-year certification period.

A certified building official shall accumulate 16 continuing education units in any education program that is approved under Minnesota Rules, part 1301.1000.

A certified building official-limited shall, in each year of the initial two-year certification period, accumulate eight continuing education units in any education program that is approved under Minnesota Rules, part 1301.1000. Continuing education units shall be reported annually during the initial two-year certification period by the method established in rule. A certified building official-limited shall accumulate 16 continuing education units for each two-year certification period thereafter in any education program that is approved under Minnesota Rules, part 1301.1000.



An accessibility specialist must accumulate four continuing education units in any of the programs described in Minnesota Rules, part 1301.1000, subpart 1 or 2. The four units must be for courses relating to building accessibility, plan review, field inspection, or building code administration.

Continuing education programs may be approved as established in rule.

(b) Subject to sections 326B.101 to 326B.194, the commissioner may by rule establish or approve continuing education programs for certified building officials dealing with matters of building code administration, inspection, and enforcement.

Each person certified as a building official for the state must satisfactorily complete applicable educational programs established or approved by the commissioner to ~~retain~~ renew certification.

(c) The state building official may grant an extension of time to comply with continuing education requirements if the certificate holder requesting the extension of time shows cause for the extension. The request for the extension must be in writing. For purposes of this section, the certificate holder's current certification effective dates shall remain the same. The extension does not relieve the certificate holder from complying with the continuing education requirements for the next two-year period.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 15. Minnesota Statutes 2008, section 326B.133, subdivision 11, is amended to read:

Subd. 11. **Failure to renew.** An individual who has failed to make a timely application for renewal of a certificate is not certified and must not serve as the designated building official for any municipality, or a certified building official, a certified building official-limited, or an accessibility specialist until a renewed certificate has been issued by the commissioner.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 16. Minnesota Statutes 2008, section 326B.197, is amended to read:

**326B.197 BOND REQUIRED FOR CERTAIN CONTRACTORS.**

(a) A person contracting to do gas, heating, ventilation, cooling, air conditioning, fuel burning, or refrigeration work must give and maintain bond to the state in the amount of \$25,000 for all work entered into within the state. The bond must be for the benefit of persons suffering financial loss by reason of the contractor's failure to comply with the requirements of the State Mechanical Code. A bond given to the state must be filed with

the commissioner of labor and industry and is in lieu of all other bonds to any political subdivision required for work covered by this section. The bond must be written by a corporate surety licensed to do business in the state.

(b) The commissioner of labor and industry may charge each person giving bond under this section ~~an annual~~ a biennial bond filing fee of ~~\$15~~ \$100.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 17. Minnesota Statutes 2008, section 326B.33, subdivision 18, is amended to read:

Subd. 18. **Examination.** In addition to the other requirements described in this section and sections 326B.091 to 326B.098, and except as provided in subdivision 20, as a precondition to issuance of a personal license, each applicant must pass a written or oral examination developed and administered by the commissioner to ensure the competence of each applicant for license. An oral examination shall be administered only to an applicant who furnishes a written statement from a certified teacher or other professional, trained in the area of reading disabilities stating that the applicant has a specific reading disability which would prevent the applicant from performing satisfactorily on a written test. The oral examination shall be structured so that an applicant who passes the examination will not impair the applicant's own safety or that of others while acting as a licensed individual. ~~No individual failing an examination may retake it for six months thereafter, but within such six months the individual may take an examination for a lesser grade of license. Any individual failing to renew a personal license for two years or more after its expiration, and any licensee whose personal license is revoked under this chapter, shall be required to retake the examination before being issued a new license. An individual whose personal license is revoked under any other chapter is not required to retake the examination before being issued a new license, unless the personal license was revoked two years or more before the commissioner received the completed application for a new license. A licensee whose personal license is suspended for any reason is not required to retake the examination before the personal license is reinstated, unless the personal license has not been reinstated within two years after the suspension began.~~

~~An applicant for a personal license shall submit to the commissioner an application and examination fee at the time of application. Upon approval of the application, the commissioner shall schedule the applicant for the next available examination, which shall be held within 60 days. The applicant shall be allowed one opportunity to reschedule an examination without being required to submit another application and examination fee. Additionally, an applicant who fails an examination, or whose application was not approved, shall submit another application and examination fee.~~

51.1 **EFFECTIVE DATE.** This section is effective January 1, 2012.

51.2 Sec. 18. Minnesota Statutes 2009 Supplement, section 326B.33, subdivision 19,  
51.3 is amended to read:

51.4 Subd. 19. **License, registration, and renewal fees; expiration.** (a) Unless  
51.5 revoked or suspended under this chapter, all licenses issued or renewed under this section  
51.6 expire on the date specified in this subdivision. Master licenses expire March 1 of each  
51.7 odd-numbered year after issuance or renewal. Electrical contractor licenses expire March  
51.8 1 of each even-numbered year after issuance or renewal. Technology system contractor  
51.9 licenses expire August 1 of each even-numbered year after issuance or renewal. All  
51.10 other personal licenses expire two years from the date of original issuance and every two  
51.11 years thereafter. Registrations of unlicensed individuals expire one year from the date of  
51.12 original issuance and every year thereafter.

51.13 ~~(b) Fees for application and examination, and for the original issuance and each~~  
51.14 ~~subsequent renewal, are:~~

51.15 ~~(1) For each personal license application and examination: \$35;~~

51.16 ~~(2) For original issuance and each subsequent renewal of:~~

51.17 ~~Class A Master or master special electrician, including master elevator constructor:~~  
51.18 ~~\$40 per year;~~

51.19 ~~Class B Master: \$25 per year;~~

51.20 ~~Power Limited Technician: \$15 per year;~~

51.21 ~~Class A Journeyman, Class B Journeyman, Installer, Elevator Constructor, Lineman,~~  
51.22 ~~or Maintenance Electrician other than master special electrician: \$15 per year;~~

51.23 ~~Contractor: \$100 per year;~~

51.24 ~~Unlicensed individual registration: \$15 per year.~~

51.25 ~~(c) If any new license is issued in accordance with this subdivision for less than two~~  
51.26 ~~years, the fee for the license shall be prorated on an annual basis.~~

51.27 ~~(d) A license fee may not be refunded after a license is issued or renewed. However,~~  
51.28 ~~if the fee paid for a license was not prorated in accordance with this subdivision, the~~  
51.29 ~~amount of the overpayment shall be refunded.~~

51.30 ~~(e) Any contractor who seeks reissuance of a license after it has been revoked or~~  
51.31 ~~suspended under this chapter shall submit a reissuance fee of \$100 before the license is~~  
51.32 ~~reinstated.~~

51.33 ~~(f) An individual or contractor who fails to renew a license before 30 days after the~~  
51.34 ~~expiration or registration of the license must submit a late fee equal to one year's license~~  
51.35 ~~fee in addition to the full renewal fee. Fees for renewed licenses or registrations are not~~

~~prorated. An individual or contractor that fails to renew a license or registration by the expiration date is unlicensed until the license or registration is renewed.~~

(b) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the registration of an unlicensed individual under subdivision 12 shall be considered an entry level license;

(2) the following licenses shall be considered journeyman licenses: Class A journeyman electrician, Class B journeyman electrician, Class A installer, Class B installer, elevator constructor, lineman, maintenance electrician, and power limited technician;

(3) the following licenses shall be considered master licenses: Class A master electrician, Class B master electrician, and master elevator constructor; and

(4) the following licenses shall be considered business licenses: Class A electrical contractor, Class B electrical contractor, elevator contractor, and technology systems contractor.

(c) For each filing of a certificate of responsible person by an employer, the fee is \$100.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 19. Minnesota Statutes 2008, section 326B.33, subdivision 20, is amended to read:

Subd. 20. **Reciprocity.** The commissioner may enter into reciprocity agreements for personal licenses with another state if approved by the board. Once approved by the board, the commissioner may issue a personal license without requiring the applicant to pass an examination provided the applicant:

(a) submits an application under this section;

(b) pays the application and examination fee and license fee required under ~~this~~ section 326B.092; and

(c) holds a valid comparable license in the state participating in the agreement.

Agreements are subject to the following:

(1) The parties to the agreement must administer a statewide licensing program that includes examination and qualifying experience or training comparable to Minnesota's.

(2) The experience and training requirements under which an individual applicant qualified for examination in the qualifying state must be deemed equal to or greater than required for an applicant making application in Minnesota at the time the applicant acquired the license in the qualifying state.

(3) The applicant must have acquired the license in the qualifying state through an examination deemed equivalent to the same class of license examination in Minnesota.

A lesser class of license may be granted where the applicant has acquired a greater class of license in the qualifying state and the applicant otherwise meets the conditions of this subdivision.

(4) At the time of application, the applicant must hold a valid license in the qualifying state and have held the license continuously for at least one year before making application in Minnesota.

(5) An applicant is not eligible for a license under this subdivision if the applicant has failed the same or greater class of license examination in Minnesota, or if the applicant's license of the same or greater class has been revoked or suspended.

(6) An applicant who has failed to renew a personal license for two years or more after its expiration is not eligible for a license under this subdivision.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 20. Minnesota Statutes 2008, section 326B.33, subdivision 21, is amended to read:

Subd. 21. **Exemptions from licensing.** (a) An individual who is a maintenance electrician is not required to hold or obtain a license under sections 326B.31 to 326B.399 if:

(1) the individual is engaged in the maintenance and repair of electrical equipment, apparatus, and facilities that are owned or leased by the individual's employer and that are located within the limits of property operated, maintained, and either owned or leased by the individual's employer;

(2) the individual is supervised by:

(i) the responsible master electrician for a contractor who has contracted with the individual's employer to provide services for which a contractor's license is required; or

(ii) a licensed master electrician, a licensed maintenance electrician, an electrical engineer, or, if the maintenance and repair work is limited to technology circuits or systems work, a licensed power limited technician; and

(3) the individual's employer has ~~filed~~ on file with the commissioner a current certificate of responsible person, signed by the responsible master electrician of the contractor, the licensed master electrician, the licensed maintenance electrician, the electrical engineer, or the licensed power limited technician, and stating that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees complies with the Minnesota Electrical Act and the rules adopted under that act. The employer must pay a filing fee to file a certificate of responsible person with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible person, the employer

54.1 must resubmit a certificate of responsible person, with a filing fee, no later than two years  
54.2 from the date of the previous submittal.

54.3 (b) Employees of a licensed electrical or technology systems contractor or other  
54.4 employer where provided with supervision by a master electrician in accordance with  
54.5 subdivision 1, or power limited technician in accordance with subdivision 7, paragraph  
54.6 (a), clause (1), are not required to hold a license under sections 326B.31 to 326B.399  
54.7 for the planning, laying out, installing, altering, and repairing of technology circuits or  
54.8 systems except planning, laying out, or installing:

54.9 (1) in other than residential dwellings, class 2 or class 3 remote control circuits that  
54.10 control circuits or systems other than class 2 or class 3, except circuits that interconnect  
54.11 these systems through communication, alarm, and security systems are exempted from  
54.12 this paragraph;

54.13 (2) class 2 or class 3 circuits in electrical cabinets, enclosures, or devices containing  
54.14 physically unprotected circuits other than class 2 or class 3; or

54.15 (3) technology circuits or systems in hazardous classified locations as covered by  
54.16 chapter 5 of the National Electrical Code.

54.17 (c) Companies and their employees that plan, lay out, install, alter, or repair class  
54.18 2 and class 3 remote control wiring associated with plug or cord and plug connected  
54.19 appliances other than security or fire alarm systems installed in a residential dwelling are  
54.20 not required to hold a license under sections 326B.31 to 326B.399.

54.21 (d) Heating, ventilating, air conditioning, and refrigeration contractors and their  
54.22 employees are not required to hold or obtain a license under sections 326B.31 to 326B.399  
54.23 when performing heating, ventilating, air conditioning, or refrigeration work as described  
54.24 in section 326B.38.

54.25 (e) Employees of any electrical, communications, or railway utility, cable  
54.26 communications company as defined in section 238.02, or a telephone company as defined  
54.27 under section 237.01 or its employees, or of any independent contractor performing work  
54.28 on behalf of any such utility, cable communications company, or telephone company, shall  
54.29 not be required to hold a license under sections 326B.31 to 326B.399:

54.30 (1) while performing work on installations, materials, or equipment which are owned  
54.31 or leased, and operated and maintained by such utility, cable communications company, or  
54.32 telephone company in the exercise of its utility, antenna, or telephone function, and which

54.33 (i) are used exclusively for the generation, transformation, distribution, transmission,  
54.34 or metering of electric current, or the operation of railway signals, or the transmission  
54.35 of intelligence and do not have as a principal function the consumption or use of electric

current or provided service by or for the benefit of any person other than such utility, cable communications company, or telephone company, and

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction, and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(2) while performing work on installations, materials, or equipment which are a part of the street lighting operations of such utility; or

(3) while installing or performing work on outdoor area lights which are directly connected to a utility's distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction.

(f) An owner shall not be required to hold or obtain a license under sections 326B.31 to 326B.399.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 21. Minnesota Statutes 2008, section 326B.42, is amended by adding a subdivision to read:

**Subd. 1a. Contractor.** "Contractor" means a person who performs or offers to perform any plumbing work, with or without compensation, who is licensed as a contractor by the commissioner. Contractor includes plumbing contractors and restricted plumbing contractors.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 22. Minnesota Statutes 2008, section 326B.42, is amended by adding a subdivision to read:

**Subd. 8. Plumbing contractor.** "Plumbing contractor" means a licensed contractor whose responsible licensed plumber is a licensed master plumber.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 23. Minnesota Statutes 2008, section 326B.42, is amended by adding a subdivision to read:

**Subd. 9. Responsible licensed plumber.** A contractor's "responsible licensed plumber" means the licensed master plumber or licensed restricted master plumber designated in writing by the contractor in the contractor's license application, or in another

56.1 manner acceptable to the commissioner, as the individual responsible for the contractor's  
56.2 compliance with sections 326B.41 to 326B.49, all rules adopted under these sections and  
56.3 sections 326B.50 to 326B.59, and all orders issued under section 326B.082.

56.4 **EFFECTIVE DATE.** This section is effective January 1, 2012.

56.5 Sec. 24. Minnesota Statutes 2008, section 326B.42, is amended by adding a  
56.6 subdivision to read:

56.7 Subd. 10. **Restricted plumbing contractor.** "Restricted plumbing contractor"  
56.8 means a licensed contractor whose responsible licensed plumber is a licensed restricted  
56.9 master plumber.

56.10 **EFFECTIVE DATE.** This section is effective January 1, 2012.

56.11 Sec. 25. Minnesota Statutes 2008, section 326B.44, is amended to read:

56.12 **326B.44 LOCAL REGULATIONS.**

56.13 Any of the following entities may, by ordinance, adopt local regulations providing  
56.14 for plumbing permits, approval of plans and specifications, and inspections of plumbing,  
56.15 which regulations are not in conflict with the plumbing code: any city having a system  
56.16 of waterworks or sewerage, regardless of population; any town having a population of  
56.17 5,000 or more according to the last federal census, exclusive of any statutory cities  
56.18 located therein; and the Metropolitan Airports Commission. No such entity shall prohibit  
56.19 ~~plumbers~~ plumbing contractors licensed by the commissioner from engaging in or working  
56.20 at the business of plumbing, except cities and statutory cities which, prior to April 21,  
56.21 1933, by ordinance required the licensing of plumbers. No such entity shall require any  
56.22 person who engages in the business of plumbing to post a bond as a prerequisite for  
56.23 engaging in the business of plumbing, except the bond to the state required under section  
56.24 326B.46 and except any performance bond required under a contract with the person  
56.25 for the performance of plumbing work for the entity. No such entity shall require any  
56.26 person who engages in the business of plumbing to maintain public liability insurance  
56.27 as a prerequisite for engaging in the business of plumbing, except the insurance required  
56.28 under section 326B.46 and except any public liability insurance required under a contract  
56.29 with the person for the performance of plumbing work for the entity. No city or town may  
56.30 require a license for persons performing building sewer or water service installation who  
56.31 have completed pipe laying training as prescribed by the commissioner of labor and  
56.32 industry. Any city by ordinance may prescribe regulations, reasonable standards, and  
56.33 inspections and grant permits to any person engaged in the business of installing water



softeners, who is not licensed as a ~~master plumber or journeyman plumber~~ contractor by the commissioner, to connect water softening and water filtering equipment to private residence water distribution systems, where provision has been previously made therefor and openings left for that purpose or by use of cold water connections to a domestic water heater; where it is not necessary to rearrange, make any extension or alteration of, or addition to any pipe, fixture or plumbing connected with the water system except to connect the water softener, and provided the connections so made comply with minimum standards prescribed by the Plumbing Board.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 26. Minnesota Statutes 2008, section 326B.46, as amended by Laws 2009, chapter 78, article 5, section 14, and chapter 109, section 13, is amended to read:

**326B.46 LICENSING, BOND AND INSURANCE.**

Subdivision 1. **License required.** (a) No ~~person~~ individual shall engage in or work at the business of a master plumber, restricted master plumber, journeyman plumber, and restricted journeyman plumber unless licensed to do so by the ~~state~~ commissioner. A license is not required for individuals performing building sewer or water service installation who have completed pipe laying training as prescribed by the commissioner ~~of labor and industry~~. A master plumber may also work as a journeyman plumber, a restricted journeyman plumber, and a restricted master plumber. A journeyman plumber may also work as a restricted journeyman plumber. Anyone not so licensed may do plumbing work which complies with the provisions of the minimum standards prescribed by the Plumbing Board on premises or that part of premises owned and actually occupied by the worker as a residence, unless otherwise forbidden to do so by a local ordinance.

(b) No person shall engage in the business of planning, superintending, or installing plumbing or shall install plumbing in connection with the dealing in and selling of plumbing material and supplies unless at all times a licensed master plumber, or in cities and towns with a population of fewer than 5,000 according to the last federal census, a restricted master plumber, who shall be responsible for proper installation, is in charge of the plumbing work of the person, ~~firm, or corporation~~.

(c) Except as provided in subdivision 2, no person shall perform or offer to perform plumbing work with or without compensation unless the person obtains a contractor's license. A contractor's license does not of itself qualify its holder to perform the plumbing work authorized by holding a master, journeyman, restricted master, or restricted journeyman license.

Subd. 1a. **Exemptions from licensing.** (a) An individual without a contractor license may do plumbing work on the individual's residence in accordance with subdivision 1, paragraph (a).

(b) An individual who is an employee working on the maintenance and repair of plumbing equipment, apparatus, or facilities owned or leased by the individual's employer and which is within the limits of property owned or leased, and operated or maintained by the individual's employer, shall not be required to maintain a contractor license as long as the employer has on file with the commissioner a current certificate of responsible person. The certificate must be signed by the responsible master plumber or, in an area of the state that is not a city or town with a population of more than 5,000 according to the last federal census, restricted master plumber, and must state that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees comply with sections 326B.41 to 326B.49, all rules adopted under those sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082. The employer must pay a filing fee to file a certificate of responsible person with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible person, the employer must resubmit a certificate of responsible person, with a filing fee, no later than two years from the date of the previous submittal. The filing of the certificate of responsible person does not exempt any employee of the employer from the requirements of this chapter regarding individual licensing as a plumber or registration as a plumber's apprentice.

(c) If a contractor employs a licensed plumber, the licensed plumber does not need a separate contractor license to perform plumbing work on behalf of the employer within the scope of the licensed plumber's license.

Subd. 1b. **Employment of master plumber or restricted master plumber.** (a) Each contractor must designate a responsible licensed plumber, who shall be responsible for the performance of all plumbing work in accordance with sections 326B.41 to 326B.49, all rules adopted under these sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082. A plumbing contractor's responsible licensed plumber must be a master plumber. A restricted plumbing contractor's responsible licensed plumber must be a master plumber or a restricted master plumber. A plumbing contractor license authorizes the contractor to offer to perform and, through licensed and registered individuals, to perform plumbing work in all areas of the state. A restricted plumbing contractor license authorizes the contractor to offer to perform and, through licensed and registered individuals, to perform plumbing work in all areas of the state except in cities and towns with a population of more than 5,000 according to the last federal census.

(b) If the contractor is an individual or sole proprietorship, the responsible licensed plumber must be the individual, proprietor, or managing employee. If the contractor is a partnership, the responsible licensed plumber must be a general partner or managing employee. If the contractor is a limited liability company, the responsible licensed plumber must be a chief manager or managing employee. If the contractor is a corporation, the responsible licensed plumber must be an officer or managing employee. If the responsible licensed plumber is a managing employee, the responsible licensed plumber must be actively engaged in performing plumbing work on behalf of the contractor, and cannot be employed in any capacity as a plumber for any other contractor. An individual may be the responsible licensed plumber for only one contractor.

(c) All applications and renewals for contractor licenses shall include a verified statement that the applicant or licensee has complied with this subdivision.

Subd. 2. **Bond; insurance.** ~~Any person contracting to do plumbing work must give~~  
As a condition of licensing, each contractor shall give and maintain bond to the state in the  
amount of at least \$25,000 for (1) all plumbing work entered into within the state or (2)  
all plumbing work and subsurface sewage treatment work entered into within the state.  
If the bond is for both plumbing work and subsurface sewage treatment work, the bond  
must comply with the requirements of this section and section 115.56, subdivision 2,  
paragraph (e). The bond shall be for the benefit of persons injured or suffering financial  
loss by reason of failure to comply with the requirements of the State Plumbing Code and,  
if the bond is for both plumbing work and subsurface sewage treatment work, financial  
loss by reason of failure to comply with the requirements of sections 115.55 and 115.56.  
The bond shall be filed with the commissioner and shall be written by a corporate surety  
licensed to do business in the state.

~~In addition, each applicant for a master plumber license or restricted master plumber license, or renewal thereof, shall provide evidence of~~  
as a condition of licensing, each  
contractor shall have and maintain in effect public liability insurance, including products  
liability insurance with limits of at least \$50,000 per person and \$100,000 per occurrence  
and property damage insurance with limits of at least \$10,000. The insurance shall be  
written by an insurer licensed to do business in the state of Minnesota and each licensed  
master plumber shall maintain on file with the commissioner a certificate evidencing the  
insurance providing that the insurance shall not be canceled without the insurer first giving  
15 days written notice to the commissioner. ~~The term of the insurance shall be concurrent~~  
~~with the term of the license.~~

~~Subd. 3. **Bond and insurance exemption.** If a master plumber or restricted master plumber who is in compliance with the bond and insurance requirements of subdivision 2,~~

~~employs a licensed plumber, the employee plumber shall not be required to meet the bond and insurance requirements of subdivision 2. An individual who is an employee working on the maintenance and repair of plumbing equipment, apparatus, or facilities owned or leased by the individual's employer and which is within the limits of property owned or leased, and operated or maintained by the individual's employer, shall not be required to meet the bond and insurance requirements of subdivision 2.~~

~~Subd. 4. **Fee.** (a) Each person giving bond to the state under subdivision 2 shall pay the department a bond registration fee of \$40 for one year or \$80 for two years.~~

~~(b) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the bond registration from one year to two years so that the expiration of bond registration corresponds with the expiration of the license issued under section 326B.475 or 326B.49, subdivision 1.~~

Subd. 5. **Exterior connections.** Persons licensed as manufactured home installers under chapter 327B are not required to be licensed under sections 326B.42 to 326B.49 when connecting the exterior building drain sewer outlets to the aboveground building sewer system and when connecting the exterior water line to the aboveground water system to the manufactured home as described in National Manufactured Housing Construction and Safety Standards Act of 1974, United States Code, title 42, section 5401 et seq. No additional licensure, bond, or insurance related to the scope of work permitted under this subdivision may be required of a licensed manufactured home installer by any unit of government.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 27. Minnesota Statutes 2008, section 326B.47, is amended to read:

**326B.47 PLUMBER'S APPRENTICES.**

Subdivision 1. **Registration; supervision; records.** (a) All plumber's apprentices must be registered. To be a registered plumber's apprentice, an individual must either:

(1) be an individual employed in the trade of plumbing under an apprenticeship agreement approved by the department under Minnesota Rules, part 5200.0300; or

(2) be an unlicensed individual registered with the commissioner under subdivision 3.

(b) A plumber's apprentice is authorized to assist in the installation of plumbing only while under the direct supervision of a master, restricted master, journeyman, or restricted journeyman plumber. The master, restricted master, journeyman, or restricted journeyman plumber is responsible for ensuring that all plumbing work performed by the

61.1 plumber's apprentice complies with the plumbing code. The supervising master, restricted  
61.2 master, journeyman, or restricted journeyman must be licensed and must be employed  
61.3 by the same employer as the plumber's apprentice. Licensed individuals shall not permit  
61.4 plumber's apprentices to perform plumbing work except under the direct supervision of  
61.5 an individual actually licensed to perform such work. Plumber's apprentices shall not  
61.6 supervise the performance of plumbing work or make assignments of plumbing work  
61.7 to unlicensed individuals.

61.8 (c) Contractors employing plumber's apprentices to perform plumbing work shall  
61.9 maintain records establishing compliance with this subdivision that shall identify all  
61.10 plumber's apprentices performing plumbing work, and shall permit the department to  
61.11 examine and copy all such records.

61.12 Subd. 2. **Journeyman exam.** A plumber's apprentice who has completed four  
61.13 years of practical plumbing experience is eligible to take the journeyman plumbing  
61.14 examination. Up to 24 months of practical plumbing experience prior to becoming a  
61.15 plumber's apprentice may be applied to the four-year experience requirement. However,  
61.16 none of this practical plumbing experience may be applied if the individual did not have  
61.17 any practical plumbing experience in the 12-month period immediately prior to becoming  
61.18 a plumber's apprentice. The Plumbing Board may adopt rules to evaluate whether  
61.19 the individual's past practical plumbing experience is applicable in preparing for the  
61.20 journeyman's examination. If two years after completing the training the individual has  
61.21 not taken the examination, the four years of experience shall be forfeited.

61.22 The commissioner may allow an extension of the two-year period for taking the  
61.23 exam for cases of hardship or other appropriate circumstances.

61.24 Subd. 3. **Registration, rules, applications, renewals, and fees.** An unlicensed  
61.25 individual may register by completing and submitting to the commissioner ~~a registration~~  
61.26 an application form provided by the commissioner, with all fees required by section  
61.27 326B.092. A completed ~~registration~~ application form must state the date the individual  
61.28 began training, the individual's age, schooling, previous experience, and employer,  
61.29 and other information required by the commissioner. The board may prescribe rules,  
61.30 not inconsistent with this section, for the registration of unlicensed individuals. ~~Each~~  
61.31 ~~applicant for initial registration as a plumber's apprentice shall pay the department an~~  
61.32 ~~application fee of \$25.~~ Applications for initial registration may be submitted at any time.  
61.33 Registration must be renewed annually and shall be for the period from July 1 of each year  
61.34 to June 30 of the following year. ~~Applications for renewal registration must be received~~  
61.35 ~~by the commissioner by June 30 of each registration period on forms provided by the~~  
61.36 ~~commissioner, and must be accompanied by a fee of \$25. An application for renewal~~

62.1 ~~registration received on or after July 1 in any year but no more than three months after~~  
62.2 ~~expiration of the previously issued registration must pay the past due renewal fee plus a~~  
62.3 ~~late fee of \$25. No applications for renewal registration will be accepted more than three~~  
62.4 ~~months after expiration of the previously issued registration.~~

62.5 **EFFECTIVE DATE.** This section is effective January 1, 2012.

62.6 Sec. 28. Minnesota Statutes 2008, section 326B.475, subdivision 2, is amended to read:

62.7 Subd. 2. **Use of license.** A restricted master plumber and restricted journeyman  
62.8 plumber may engage in the plumbing trade in all areas of the state except in cities and  
62.9 towns with a population of more than 5,000 according to the last federal census.

62.10 **EFFECTIVE DATE.** This section is effective January 1, 2012.

62.11 Sec. 29. Minnesota Statutes 2009 Supplement, section 326B.475, subdivision 4,  
62.12 is amended to read:

62.13 Subd. 4. **Renewal; use period for license.** (a) A restricted master plumber and  
62.14 restricted journeyman plumber license must be renewed for as long as that licensee  
62.15 engages in the plumbing trade. Notwithstanding section 326B.094, failure to renew a  
62.16 restricted master plumber and restricted journeyman plumber license within 12 months  
62.17 after the expiration date will result in permanent forfeiture of the restricted master plumber  
62.18 and restricted journeyman plumber license.

62.19 (b) The commissioner shall in a manner determined by the commissioner, without  
62.20 the need for any rulemaking under chapter 14, phase in the renewal of restricted master  
62.21 plumber and restricted journeyman plumber licenses from one year to two years. By  
62.22 June 30, 2011, all restricted master plumber and restricted journeyman plumber licenses  
62.23 shall be two-year licenses.

62.24 **EFFECTIVE DATE.** This section is effective January 1, 2012.

62.25 Sec. 30. Minnesota Statutes 2009 Supplement, section 326B.49, subdivision 1, is  
62.26 amended to read:

62.27 Subdivision 1. **Application, examination, and license fees.** (a) Applications for  
62.28 master and journeyman plumber's license licenses shall be made to the commissioner, with  
62.29 ~~fee~~ all fees required by section 326B.092. Unless the applicant is entitled to a renewal,  
62.30 the applicant shall be licensed by the commissioner only after passing a satisfactory  
62.31 examination developed and administered by the commissioner, based upon rules adopted  
62.32 by the Plumbing Board, showing fitness. ~~Examination fees for both journeyman and~~

~~master plumbers shall be \$50 for each examination. Upon being notified of having successfully passed the examination for original license the applicant shall submit an application, with the license fee herein provided. The license fee for each initial master plumber's license shall be \$240. The license fee for each initial journeyman plumber's license shall be \$110.~~

(b) All initial ~~master and~~ journeyman plumber's licenses shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made. ~~The license fee for each renewal master plumber's license shall be \$120 for one year or \$240 for two years. The license fee for each renewal journeyman plumber's license shall be \$55 for one year or \$110 for two years.~~ All master plumber's licenses shall expire on December 31 of each even-numbered year after issuance or renewal. The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of master and journeyman plumber's licenses from one year to two years. By June 30, 2011, all renewed master and journeyman plumber's licenses shall be two-year licenses.

(c) ~~Any licensee who does not renew a license within two years after the license expires is no longer eligible for renewal. Such an individual must retake and pass the examination before a new license will be issued. A journeyman or master plumber who submits a license renewal application after the time specified in rule but within two years after the license expired must pay all past due renewal fees plus a late fee of \$25.~~ Applications for contractor licenses shall be made to the commissioner, with all fees required by section 326B.092. All contractor licenses shall expire on December 31 of each odd-numbered year after issuance or renewal.

(d) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the following licenses shall be considered business licenses: plumbing contractor and restricted plumbing contractor;

(2) the following licenses shall be considered master licenses: master plumber and restricted master plumber;

(3) the following licenses shall be considered journeyman licenses: journeyman plumber and restricted journeyman plumber; and

(4) the registration of a plumber's apprentice under section 326B.47, subdivision 3, shall be considered an entry level license.

(e) For each filing of a certificate of responsible person by an employer, the fee is \$100.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

64.1 Sec. 31. Minnesota Statutes 2008, section 326B.50, is amended by adding a  
64.2 subdivision to read:

64.3 Subd. 1a. **Responsible licensed master.** "Responsible licensed master" means the  
64.4 licensed water conditioning master or licensed master plumber designated in writing by  
64.5 the water conditioning contractor in the water conditioning contractor's license application,  
64.6 or in another manner acceptable to the commissioner, as the individual responsible for  
64.7 the water conditioning contractor's compliance with sections 326B.50 to 326B.59, all  
64.8 rules adopted under these sections, the Minnesota Plumbing Code, and all orders issued  
64.9 under section 326B.082.

64.10 **EFFECTIVE DATE.** This section is effective January 1, 2012.

64.11 Sec. 32. Minnesota Statutes 2008, section 326B.50, is amended by adding a  
64.12 subdivision to read:

64.13 Subd. 2a. **Water conditioning contractor.** "Water conditioning contractor"  
64.14 means a person who performs or offers to perform any water conditioning installation or  
64.15 water conditioning servicing, with or without compensation, who is licensed as a water  
64.16 conditioning contractor by the commissioner.

64.17 **EFFECTIVE DATE.** This section is effective January 1, 2012.

64.18 Sec. 33. Minnesota Statutes 2008, section 326B.50, is amended by adding a  
64.19 subdivision to read:

64.20 Subd. 3a. **Water conditioning journeyman.** "Water conditioning journeyman"  
64.21 means an individual, other than a water conditioning master, who has demonstrated  
64.22 practical knowledge of water conditioning installation and servicing, and who is licensed  
64.23 by the commissioner as a water conditioning journeyman.

64.24 **EFFECTIVE DATE.** This section is effective January 1, 2012.

64.25 Sec. 34. Minnesota Statutes 2008, section 326B.50, is amended by adding a  
64.26 subdivision to read:

64.27 Subd. 3b. **Water conditioning master.** "Water conditioning master" means  
64.28 an individual who has demonstrated skill in planning, superintending, installing, and  
64.29 servicing water conditioning installations, and who is licensed by the commissioner as a  
64.30 water conditioning master.

64.31 **EFFECTIVE DATE.** This section is effective January 1, 2012.



Sec. 35. Minnesota Statutes 2008, section 326B.54, is amended to read:

**326B.54 VIOLATIONS TO BE REPORTED TO COMMISSIONER.**

Such local authority as may be designated by any such ordinance for the issuance of such water conditioning installation and servicing permits and approval of such plans shall report to the commissioner persistent or willful violations of the same and any incompetence of a licensed water conditioning contractor, licensed water conditioning master, or licensed water conditioning ~~installer~~ journeyman observed by the local authority.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 36. Minnesota Statutes 2008, section 326B.55, as amended by 2010 H.F. No. 927, section 13, if enacted, is amended to read:

**326B.55 LICENSING IN CERTAIN CITIES; QUALIFICATIONS; RULES.**

Subdivision 1. **Licensing.** (a) Except as provided in paragraph (d), no individual shall perform water conditioning installation or water conditioning servicing unless licensed by the commissioner as a master plumber, journeyman plumber, water conditioning master, or water conditioning journeyman, or, in all areas of the state except in cities and towns with a population of more than 5,000 according to the last federal census, as a restricted master plumber or restricted journeyman plumber.

(b) Except as provided in paragraph (d), no person shall perform or offer to perform water conditioning installation or water conditioning servicing with or without compensation unless the person obtains a water conditioning contractor's license. A water conditioning contractor's license does not of itself qualify its holder to perform the water conditioning installation or water conditioning servicing authorized by holding a water conditioning master or water conditioning journeyman license.

(c) Except as provided in paragraph (d), no person shall engage in or work at the business of water conditioning installation or servicing anywhere in the state unless (1) at all times an individual licensed as a master plumber or water conditioning contractor master by the commissioner ~~shall be~~, who is responsible for the proper installation and servicing, is in charge of the water conditioning installation and servicing work ~~of such person, and (2) all installations, other than~~.

If a water conditioning contractor employs a licensed master, restricted master, journeyman or restricted journeyman plumber, or a licensed water conditioning master or journeyman, then the licensed individual does not need a separate water conditioning contractor license to perform water conditioning installation or servicing on behalf of the employer within the scope of the individual's plumber license.

(d) No water conditioning contractor, water conditioning master, or water conditioning journeyman license is required:

(1) for exchanges of portable water conditioning equipment, are performed by a licensed water conditioning contractor or licensed water conditioning installer. Any individual not so licensed may; or

(2) for an individual to perform water conditioning work that complies with the minimum standards prescribed by the Plumbing Board on premises or that part of premises owned and occupied by the ~~worker~~ individual as a residence, unless otherwise prohibited by a local ordinance.

Subd. 2. **Qualifications for licensing.** (a) A water conditioning ~~contractor master~~ license shall be issued only to an individual who has demonstrated skill in planning, superintending, and servicing water conditioning installations, and has successfully passed the examination for water conditioning ~~contractors masters~~. A water conditioning ~~installer~~ journeyman license shall only be issued to an individual other than a water conditioning ~~contractor master~~ who has demonstrated practical knowledge of water conditioning installation, and has successfully passed the examination for water conditioning ~~installers~~ journeymen. A water conditioning ~~installer~~ journeyman must successfully pass the examination for water conditioning ~~contractors masters~~ before being licensed as a water conditioning ~~contractor master~~.

(b) Each water conditioning contractor must designate a responsible licensed master plumber or a responsible licensed water conditioning master, who shall be responsible for the performance of all water conditioning installation and servicing in accordance with the requirements of sections 326B.50 to 326B.59, all rules adopted under these sections, the Minnesota Plumbing Code, and all orders issued under section 326B.082. If the water conditioning contractor is an individual or sole proprietorship, the responsible licensed master must be the individual, proprietor, or managing employee. If the water conditioning contractor is a partnership, the responsible licensed master must be a general partner or managing employee. If the water conditioning contractor is a limited liability company, the responsible licensed master must be a chief manager or managing employee. If the water conditioning contractor is a corporation, the responsible licensed master must be an officer or managing employee. If the responsible licensed master is a managing employee, the responsible licensed master must be actively engaged in performing water conditioning work on behalf of the water conditioning contractor, and cannot be employed in any capacity as a water conditioning master or water conditioning journeyman for any other water conditioning contractor. An individual must not be the responsible licensed master for more than one water conditioning contractor.

(c) All applications and renewals for water conditioning contractor licenses shall include a verified statement that the applicant or licensee has complied with paragraph (b).

(d) Each application and renewal for a water conditioning master license, water conditioning journeyman license, or a water conditioning contractor license shall be accompanied by all fees required by section 326B.092.

Subd. 3. **Commissioner.** The commissioner shall:

(1) license water conditioning contractors, water conditioning masters, and installers water conditioning journeymen; and

(2) ~~collect an examination fee from each examinee for a license as a water conditioning contractor and an examination fee from each examinee for a license as a water conditioning installer in an amount set forth in section 326B.58~~ the fees required by section 326B.092.

Subd. 4. **Plumber's apprentices.** (a) A plumber's apprentice who is registered under section 326B.47 is authorized to assist in water conditioning installation and water conditioning servicing only while under the direct supervision of a master plumber, journeyman plumber, water conditioning master, or water conditioning journeyman. The master or journeyman is responsible for ensuring that all water conditioning work performed by the plumber's apprentice complies with the plumbing code and rules adopted under sections 326B.50 to 326B.59. The supervising master or journeyman must be licensed and must be employed by the same employer as the plumber's apprentice. Licensed individuals shall not permit plumber's apprentices to perform water conditioning work except under the direct supervision of an individual actually licensed to perform such work. Plumber's apprentices shall not supervise the performance of plumbing work or make assignments of plumbing work to unlicensed individuals.

(b) Water conditioning contractors employing plumber's apprentices to perform water conditioning work shall maintain records establishing compliance with this subdivision that shall identify all plumber's apprentices performing water conditioning work, and shall permit the department to examine and copy all such records.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 37. Minnesota Statutes 2008, section 326B.56, as amended by Laws 2009, chapter 78, article 5, section 18, is amended to read:

**326B.56 ~~ALTERNATIVE STATE BONDING AND INSURANCE~~ REGULATION.**

Subdivision 1. **Bonds.** (a) ~~An applicant for a water conditioning contractor or installer license or renewal thereof who is required by any political subdivision to give a bond to obtain or maintain the license, may comply with any political subdivision bonding requirement by giving~~ As a condition of licensing, each water conditioning contractor shall give and maintain a bond to the state as described in paragraph (b). No applicant for a water conditioning contractor or installer license who maintains the bond under paragraph (b) shall be otherwise required to meet the bond requirements of any political subdivision.

(b) Each bond given to the state under this subdivision shall be in the total sum of \$3,000 conditioned upon the faithful and lawful performance of all water conditioning ~~contracting or installing work~~ installation or servicing done within the state. The bond shall be for the benefit of persons suffering injuries or damages due to the work. The bond shall be filed with the commissioner and shall be written by a corporate surety licensed to do business in this state. The bond must remain in effect at all times while the application is pending and while the license is in effect.

Subd. 2. **Insurance.** (a) ~~Each applicant for a water conditioning contractor or installer license or renewal thereof who is required by any political subdivision to maintain insurance to obtain or maintain the license may comply with any political subdivision's insurance requirement by maintaining~~ As a condition of licensing, each water conditioning contractor shall have and maintain in effect the insurance described in paragraph (b). No applicant for a water conditioning contractor ~~or installer~~ license who maintains the insurance described in paragraph (b) shall be otherwise required to meet the insurance requirements of any political subdivision.

(b) The insurance shall provide coverage, including products liability coverage, for all damages in connection with licensed work for which the licensee is liable, with personal damage limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in this state and a certificate evidencing the insurance shall be filed with the commissioner. The insurance must remain in effect at all times while the application is pending and while the license is in effect. The insurance shall not be canceled without the insurer first giving 15 days' written notice to the commissioner.

Subd. 3. **Bond and insurance exemption.** A water conditioning contractor or installer who is an employee of a water conditioning contractor or installer, including an employee engaged in the maintenance and repair of water conditioning equipment, apparatus, or facilities owned, leased and operated, or maintained by the employer, is not required to meet the bond and insurance requirements of subdivisions 1 and 2 or of any political subdivision.

Subd. 4. **Fee.** (a) The commissioner shall collect a \$40 bond registration fee for one year or \$80 for two years from each applicant for issuance or renewal of a water conditioning contractor or installer license who elects to proceed under subdivisions 1 and 2.

(b) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the bond registration from one year to two years so that the expiration of bond registration corresponds with the expiration of the license issued under section 326B.55.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 38. Minnesota Statutes 2009 Supplement, section 326B.58, is amended to read:

**326B.58 FEES; RENEWAL.**

~~(a) Examination fees for both water conditioning contractors and water conditioning installers shall be \$50 for each examination. Each initial water conditioning contractor and installer master and water conditioning journeyman license shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made. The license fee for each initial water conditioning contractor's license shall be \$140, except that the license fee shall be \$105 if the application is submitted during the last three months of the calendar year. The license fee for each renewal water conditioning contractor's license shall be \$70 for one year or \$140 for two years. The license fee for each initial water conditioning installer license shall be \$70, except that the license fee shall be \$52.50 if the application is submitted during the last three months of the calendar year. The license fee for each renewal water conditioning installer license shall be \$35 for one year or \$70 for two years.~~

(b) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of water conditioning ~~contractor and installer~~ master and journeyman licenses from one year to two years. By June 30, 2011, all renewed water conditioning contractor and installer licenses shall be two-year licenses. The ~~commissioner~~ Plumbing Board may by rule prescribe for the expiration and renewal of licenses.

~~(c) Any licensee who does not renew a license within two years after the license expires is no longer eligible for renewal. Such an individual must retake and pass the examination before a new license will be issued. A water conditioning contractor or water conditioning installer who submits a license renewal application after the time specified in rule but within two years after the license expired must pay all past due renewal fees~~

70.1 ~~plus a late fee of \$25~~ All water conditioning contractor licenses shall expire on December  
70.2 31 of the year after issuance or renewal.

70.3 (d) For purposes of calculating license fees and renewal fees required under section  
70.4 326B.092:

70.5 (1) a water conditioning journeyman license shall be considered a journeyman  
70.6 license;

70.7 (2) a water conditioning master license shall be considered a master license; and

70.8 (3) a water conditioning contractor license shall be considered a business license.

70.9 **EFFECTIVE DATE.** This section is effective January 1, 2012.

70.10 Sec. 39. Minnesota Statutes 2008, section 326B.805, subdivision 6, is amended to read:

70.11 Subd. 6. **Exemptions.** The license requirement does not apply to:

70.12 (1) an employee of a licensee performing work for the licensee;

70.13 (2) a material person, manufacturer, or retailer furnishing finished products,  
70.14 materials, or articles of merchandise who does not install or attach the items;

70.15 (3) an owner of residential real estate who builds or improves any structure on  
70.16 residential real estate, if the building or improving is performed by the owner's bona fide  
70.17 employees or by individual owners personally. This exemption does not apply to an  
70.18 owner who constructs or improves property for purposes of speculation if the building  
70.19 or improving is performed by the owner's bona fide employees or by individual owners  
70.20 personally. A residential building contractor or residential remodeler will be presumed  
70.21 to be building or improving for purposes of speculation if the contractor or remodeler  
70.22 constructs or improves more than one property within any 24-month period;

70.23 (4) an architect or professional engineer engaging in professional practice as defined  
70.24 by section 326.02, subdivisions 2 and 3;

70.25 (5) a person whose total gross annual receipts for performing specialty skills for  
70.26 which licensure would be required under this section do not exceed \$15,000;

70.27 (6) a mechanical contractor;

70.28 (7) a plumber, electrician, or other person whose profession is otherwise subject to  
70.29 statewide licensing, when engaged in the activity which is the subject of that licensure;

70.30 (8) specialty contractors who provide only one special skill as defined in section  
70.31 326B.802;

70.32 (9) a school district, or a technical college governed under chapter 136F; and

70.33 (10) Habitat for Humanity and Builders Outreach Foundation, and their individual  
70.34 volunteers when engaged in activities on their behalf.

To qualify for the exemption in clause (5), a person must obtain a certificate of exemption from licensure from the commissioner. A certificate of exemption will be issued upon the applicant's filing with the commissioner, an affidavit stating that the applicant does not expect to exceed \$15,000 in gross annual receipts derived from performing services which require licensure under this section during the calendar year in which the affidavit is received. For the purposes of calculating fees under section 326B.092, a certificate of exemption is an entry level license. To renew the exemption in clause (5), the applicant must file an affidavit stating that the applicant did not exceed \$15,000 in gross annual receipts during the past calendar year. If a person, operating under the exemption in clause (5), exceeds \$15,000 in gross receipts during any calendar year, the person must immediately surrender the ~~exemption~~ certificate of exemption and apply for the appropriate license. The person must remain licensed until such time as the person's gross annual receipts during a calendar year fall below \$15,000. The person may then apply for an exemption for the next calendar year.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 40. Minnesota Statutes 2009 Supplement, section 326B.815, subdivision 1, is amended to read:

Subdivision 1. ~~Licensing fee Fees.~~ (a) ~~The licensing fee for persons licensed pursuant to sections 326B.802 to 326B.885, except for manufactured home installers, is \$200 for a two-year period. The~~ For the purposes of calculating fees under section 326B.092, an initial or renewed residential contractor, residential remodeler, or residential roofer license is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured home installers under section 327B.041 is \$300 for a three-year period.

(b) All initial and renewal licenses, except for manufactured home installer licenses, shall be effective for two years and shall expire on March 31 of the year after the year in which the application is made. ~~The license fee for each renewal of a residential contractor, residential remodeler, or residential roofer license shall be \$100 for one year and \$200 for two years.~~

(c) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of residential contractor, residential remodeler, and residential roofer licenses from one year to two years. By June 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer licenses shall be two-year licenses.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 41. Minnesota Statutes 2008, section 326B.83, subdivision 1, is amended to read:

Subdivision 1. **Form.** (a) An applicant for a license under sections 326B.802 to 326B.885 must submit an application, under oath and accompanied by the ~~license fee fees~~ required by section ~~326B.815~~ 326B.092, on a form prescribed by the commissioner. ~~Within 30 business days of receiving all required information, the commissioner must act on the license request.~~

(b) If one of the categories in the application does not apply, the applicant must identify the category and state the reason the category does not apply. The commissioner may refuse to issue a license if the application is not complete or contains unsatisfactory information.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 42. Minnesota Statutes 2008, section 326B.83, subdivision 3, is amended to read:

Subd. 3. **Examination.** (a) Each qualifying person must ~~satisfactorily complete~~ pass a written examination for the type of license requested. The commissioner may establish the examination qualifications, including related education experience and education, the examination procedure, and the examination for each licensing group. The examination must include at a minimum the following areas:

(1) appropriate knowledge of technical terms commonly used and the knowledge of reference materials and code books to be used for technical information; and

(2) understanding of the general principles of business management and other pertinent state laws.

(b) Each examination must be designed for the specified type of license requested.

~~(c) An individual's passing examination results expire two years from the examination date. An individual who passes the examination but does not choose to apply to act as a qualifying person for a licensee within two years from the examination date, must, upon application provide:~~

~~(1) passing examination results within two years from the date of application; or~~

~~(2) proof that the person has fulfilled the continuing education requirements in section 326B.821 in the manner required for a qualifying person of a licensee for each license period after the expiration of the examination results.~~

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 43. Minnesota Statutes 2008, section 326B.83, subdivision 6, is amended to read:



73.1 Subd. 6. **License.** A nonresident of Minnesota may be licensed as a residential  
73.2 building contractor, residential remodeler, residential roofer, or manufactured home  
73.3 installer upon compliance with all the provisions of sections 326B.092 to 326B.098 and  
73.4 326B.802 to 326B.885.

73.5 **EFFECTIVE DATE.** This section is effective January 1, 2012.

73.6 Sec. 44. Minnesota Statutes 2009 Supplement, section 326B.86, subdivision 1, is  
73.7 amended to read:

73.8 Subdivision 1. **Bond.** (a) Licensed manufactured home installers and licensed  
73.9 residential roofers must post a biennial surety bond in the name of the licensee with the  
73.10 commissioner, conditioned that the applicant shall faithfully perform the duties and in  
73.11 all things comply with all laws, ordinances, and rules pertaining to the license or permit  
73.12 applied for and all contracts entered into. The biennial bond must be continuous and  
73.13 maintained for so long as the licensee remains licensed. The aggregate liability of the  
73.14 surety on the bond to any and all persons, regardless of the number of claims made  
73.15 against the bond, may not exceed the amount of the bond. The bond may be canceled as  
73.16 to future liability by the surety upon 30 days' written notice mailed to the commissioner  
73.17 by regular mail.

73.18 (b) A licensed residential roofer must post a bond of at least \$15,000.

73.19 (c) A licensed manufactured home installer must post a bond of at least \$2,500.

73.20 Bonds issued under sections 326B.802 to 326B.885 are not state bonds or contracts  
73.21 for purposes of sections 8.05 and 16C.05, subdivision 2.

73.22 **EFFECTIVE DATE.** This section is effective January 1, 2012.

73.23 Sec. 45. Minnesota Statutes 2008, section 326B.865, is amended to read:

73.24 **326B.865 SIGN CONTRACTOR; BOND.**

73.25 (a) A sign contractor may post a compliance bond with the commissioner,  
73.26 conditioned that the sign contractor shall faithfully perform duties and comply with  
73.27 laws, ordinances, rules, and contracts entered into for the installation of signs. The bond  
73.28 must be renewed ~~annually~~ biennially and maintained for so long as determined by the  
73.29 commissioner. The aggregate liability of the surety on the bond to any and all persons,  
73.30 regardless of the number of claims made against the bond, may not exceed the annual  
73.31 amount of the bond. The bond may be canceled as to future liability by the surety upon 30  
73.32 days' written notice mailed to the commissioner by United States mail.

(b) The amount of the bond shall be \$8,000. The bond may be drawn upon only by a local unit of government that requires sign contractors to post a compliance bond. The bond is in lieu of any compliance bond required by a local unit of government.

(c) For purposes of this section, "sign" means a device, structure, fixture, or placard using graphics, symbols, or written copy that is erected on the premises of an establishment including the name of the establishment or identifying the merchandise, services, activities, or entertainment available on the premises.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 46. Minnesota Statutes 2008, section 326B.921, subdivision 2, is amended to read:

Subd. 2. **High pressure pipefitting business license.** Before obtaining a permit for high pressure piping work, a person must obtain or utilize a business with a high pressure piping business license.

A person must have at all times as a full-time employee at least one individual holding a contracting high pressure pipefitter competency license. Only full-time employees who hold contracting high pressure pipefitter licenses are authorized to obtain high pressure piping permits in the name of the business. The contracting high pressure pipefitter competency license holder can be the employee of only one high pressure piping business at a time. An application for a high pressure piping business license shall include a verified statement that the applicant or licensee has complied with this subdivision.

To retain its business license without reapplication, a person holding a high pressure piping business license that ceases to employ an individual holding a contracting high pressure pipefitter competency license shall have 60 days from the last day of employment of its previous contracting pipefitter competency license holder to employ another license holder. The department must be notified no later than five days after the last day of employment of the previous license holder.

No high pressure pipefitting work may be performed during any period when the high pressure pipefitting business does not have a contracting high pressure pipefitter competency license holder on staff. If a license holder is not employed within 60 days after the last day of employment of the previous license holder, the pipefitting business license shall lapse.

The board shall prescribe by rule procedures for application for and issuance of business licenses.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 47. Minnesota Statutes 2008, section 326B.921, subdivision 4, is amended to read:

Subd. 4. **Registration with commissioner.** An unlicensed individual may register to assist in the practical construction and installation of high pressure piping and appurtenances while in the employ of a licensed high pressure piping business by completing and submitting to the commissioner a registration form provided by the commissioner, with all fees required by section 326B.092. The board may prescribe rules, not inconsistent with this section, for the registration of unlicensed individuals.

~~An unlicensed individual applying for initial registration shall pay the department an application fee of \$50. Applications for initial registration may be submitted at any time. Registration must be renewed annually and shall be valid for one calendar year beginning January 1. Applications for renewal registration must be submitted to the commissioner before December 31 of each registration period on forms provided by the commissioner, and must be accompanied by a fee of \$50. There shall be no refund of fees paid.~~

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 48. Minnesota Statutes 2008, section 326B.921, subdivision 7, is amended to read:

Subd. 7. **License fee, registration, and renewal fees.** ~~The department shall charge the following license fees:~~

- ~~(a) application for journeyman high pressure pipefitter competency license, \$120;~~
- ~~(b) renewal of journeyman high pressure pipefitter competency license, \$80;~~
- ~~(c) application for contracting high pressure pipefitter competency license, \$270;~~
- ~~(d) renewal of contracting high pressure pipefitter competency license, \$240;~~
- ~~(e) application for high pressure piping business license, \$450;~~
- ~~(f) application to inactivate a contracting high pressure pipefitter competency license or inactivate a journeyman high pressure pipefitter competency license, \$40; and~~
- ~~(g) renewal of an inactive contracting high pressure pipefitter competency license or inactive journeyman high pressure pipefitter competency license, \$40.~~

~~If an application for renewal of an active or inactive journeyman high pressure pipefitter competency license or active or inactive contracting high pressure pipefitter competency license is received by the department after the date of expiration of the license, a \$30 late renewal fee shall be added to the license renewal fee.~~

~~Payment must accompany the application for a license or renewal of a license. There shall be no refund of fees paid.~~

For purposes of calculating license, registration, and renewal fees required under section 326B.092:

(1) the registration of an unlicensed individual under subdivision 4 is an entry level license;

(2) a journeyman high pressure pipefitter license is a journeyman license;

(3) a contracting high pressure pipefitter license is a master license; and

(4) a high pressure piping business license is a business license.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 49. Minnesota Statutes 2008, section 326B.922, is amended to read:

**326B.922 LICENSE APPLICATION AND RENEWAL.**

(a) Application for a contracting high pressure pipefitter ~~competency or~~, a journeyman high pressure pipefitter ~~competency~~, or a high pressure piping business license shall be made to the department, with all fees required by section 326B.092.

(b) The applicant for a contracting high pressure pipefitter or a journeyman high pressure pipefitter license shall be licensed only after passing an examination developed and administered by the department in accordance with rules adopted by the board. ~~A competency license issued by the department shall expire on December 31 of each year. A renewal application must be received by the department within one year after expiration of the competency license. A license that has been expired for more than one year cannot be renewed, and can only be reissued if the applicant submits a new application for the competency license, pays a new application fee, and retakes and passes the applicable license examination.~~

(c) All initial contracting high pressure pipefitter licenses, journeyman high pressure pipefitter licenses, and high pressure piping business licenses are effective for more than one calendar year and expire on December 31 of the year after the year in which the application is made. The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of contracting high pressure pipefitter, journeyman high pressure pipefitter, and high pressure piping business licenses from one year to two years. By June 30, 2012, all such licenses shall be two-year licenses.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 50. Minnesota Statutes 2009 Supplement, section 326B.94, subdivision 4, is amended to read:

Subd. 4. **Examinations, licensing.** Every individual that operates a boat must hold a current master's license issued by the commissioner, unless the individual holds a valid,

unlimited, current United States Coast Guard master's license. The commissioner shall develop and administer an examination for all masters of boats carrying passengers for hire on the inland waters of the state as to their qualifications and fitness. If found qualified and competent to perform their duties as a master of a boat carrying passengers for hire, they shall be issued a license authorizing them to act as such on the inland waters of the state. All initial master's licenses shall be for two years. The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of master's licenses from one year to two years. By June 30, 2011, all renewed master's licenses shall be two-year licenses. Fees for the original issue and renewal of the license authorized under this section shall be pursuant to section ~~326B.986, subdivision 2~~ 326B.092.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 51. Minnesota Statutes 2008, section 326B.978, subdivision 2, is amended to read:

Subd. 2. **Applications.** Any individual who desires an engineer's license shall submit an application on a written or electronic form prescribed by the commissioner, ~~at least 15 days before the requested exam date. If the commissioner approves the applicant for examination, the applicant may take the examination on one occasion within one year from the date the commissioner receives the application~~ with all fees required by section 326B.092.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 52. Minnesota Statutes 2008, section 326B.978, is amended by adding a subdivision to read:

Subd. 19. **Applicability.** This section shall not apply to traction or hobby boiler engineer's licenses or provisional licenses.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 53. Minnesota Statutes 2009 Supplement, section 326B.986, subdivision 5, is amended to read:

Subd. 5. **Boiler engineer license fees.** ~~(a) For the following licenses, the nonrefundable license and application fee is:~~

~~(1) chief engineer's license, \$70;~~

~~(2) first class engineer's license, \$70;~~

~~(3) second class engineer's license, \$70;~~

78.1 ~~(4) special engineer's license, \$40;~~

78.2 ~~(5) traction or hobby boiler engineer's license, \$50; and~~

78.3 ~~(6) provisional license, \$50.~~

78.4 ~~(b) An engineer's license, except a provisional license, may be renewed upon~~  
78.5 ~~application and payment of a renewal fee of \$20 for one year or \$40 for two years. If~~  
78.6 ~~the renewal fee is paid later than 30 days after expiration, then a late fee of \$15 will be~~  
78.7 ~~added to the renewal fee.~~

78.8 (a) For purposes of calculating license fees and renewal license fees required under  
78.9 section 326B.092:

78.10 (1) the boiler special engineer license is an entry level license;

78.11 (2) the following licenses are journeyman licenses: first class engineer, Grade A;  
78.12 first class engineer, Grade B; first class engineer, Grade C; second class engineer, Grade  
78.13 A; second class engineer, Grade B; second class engineer, Grade C; and provisional  
78.14 license; and

78.15 (3) the following licenses are master licenses: boiler chief engineer, Grade A; boiler  
78.16 chief engineer, Grade B; boiler chief engineer, Grade C; boiler commissioner inspector; or  
78.17 traction or hobby boiler engineer.

78.18 (b) Notwithstanding section 326B.092, subdivision 7, paragraph (a), the license  
78.19 duration for steam traction and hobby engineer licenses are one year only for the purpose  
78.20 of calculating license fees under section 326B.092, subdivision 7, paragraph (b).

78.21 **EFFECTIVE DATE.** This section is effective January 1, 2012.

78.22 Sec. 54. Minnesota Statutes 2008, section 327.31, subdivision 17, is amended to read:

78.23 Subd. 17. **Installation.** "Installation" of a manufactured home means ~~assembly~~  
78.24 installation or reinstallation, at the site of occupancy, of all portions of a manufactured  
78.25 home, connection of the manufactured home to existing utility connections and installation  
78.26 of support and/or anchoring systems.

78.27 Sec. 55. Minnesota Statutes 2008, section 327.31, is amended by adding a subdivision  
78.28 to read:

78.29 Subd. 21. **Used manufactured home.** "Used manufactured home" means a home  
78.30 being offered for sale not less than 24 months after the first purchaser took legal ownership  
78.31 or possession of the home.

78.32 Sec. 56. Minnesota Statutes 2008, section 327.31, is amended by adding a subdivision  
78.33 to read:

79.1           Subd. 22. **Seller.** "Seller" means either the homeowner, manufactured home retailer  
79.2 or dealer, broker, limited dealer or retailer, or listing agent.

79.3           Sec. 57. Minnesota Statutes 2008, section 327.32, subdivision 1, is amended to read:

79.4           Subdivision 1. **Requirement; new manufactured homes.** No person shall sell,  
79.5 or offer for sale; in this state, any new manufactured home ~~manufactured after July 1,~~  
79.6 ~~1972, or manufacture any manufactured home in this state or install for occupancy any~~  
79.7 ~~manufactured home manufactured after July 1, 1972, in any manufactured home park in~~  
79.8 ~~this state~~ unless the manufactured home complies with the Manufactured Home Building  
79.9 Code and: bears a label as required by the secretary.

79.10           ~~(a) bears a seal issued by the commissioner, and is, whenever possible, accompanied~~  
79.11 ~~by a certificate by the manufacturer or dealer, both evidencing that it complies with the~~  
79.12 ~~Manufactured Home Building Code; or~~

79.13           ~~(b) if manufactured after June 14, 1976, bears a label as required by the secretary.~~

79.14           Sec. 58. Minnesota Statutes 2008, section 327.32, is amended by adding a subdivision  
79.15 to read:

79.16           Subd. 1a. **Requirement; used manufactured homes.** No person shall sell or  
79.17 offer for sale in this state any used manufactured home manufactured after June 14,  
79.18 1976, or install for occupancy any used manufactured home manufactured after June  
79.19 14, 1976, unless the used manufactured home complies with the Notice of Compliance  
79.20 Form as provided in this subdivision. If manufactured after June 14, 1976, the home  
79.21 must bear a label as required by the secretary. The Notice of Compliance Form shall be  
79.22 signed by the seller and purchaser indicating which party is responsible for either making  
79.23 or paying for any necessary corrections prior to the sale and transferring ownership of  
79.24 the manufactured home.

79.25           The Notice of Compliance Form shall be substantially in the following form:

79.26           **"Notice of Compliance Form as required in Minnesota Statutes,**  
79.27 **section 327.32, subdivision 1.**

79.28           This notice must be completed and signed by the purchaser(s) and the seller(s) of the  
79.29 used manufactured home described in the purchase agreement and on the bottom of this  
79.30 notice before the parties fully execute the sale of a used manufactured home constructed  
79.31 after June 14, 1976.

79.32           Electric ranges and clothes dryers must have required four-conductor cords and plugs.

80.1	<u>Complies .....</u>	<u>Correction required .....</u>
80.2	<u>Initialed by Responsible Party: Buyer .....</u>	<u>Seller .....</u>
80.3	<u>Solid fuel-burning fireplaces or stoves must be listed for use in manufactured homes, Code</u>	
80.4	<u>of Federal Regulations, title 24, section 3280.709(g), and installed correctly, in accordance</u>	
80.5	<u>with their listing or standards (i.e., chimney, doors, hearth, combustion, or intake, etc.,</u>	
80.6	<u>Code of Federal Regulations, title 24, section 3280.709(g)).</u>	
80.7	<u>Complies .....</u>	<u>Correction required .....</u>
80.8	<u>Initialed by Responsible Party: Buyer .....</u>	<u>Seller .....</u>
80.9	<u>Gas water heaters and furnaces must be listed for manufactured home use, Code of Federal</u>	
80.10	<u>Regulations, title 24, section 3280.709(a) and (d)(1) and (2) and installed correctly, in</u>	
80.11	<u>accordance with their listing or standards.</u>	
80.12	<u>Complies .....</u>	<u>Correction required .....</u>
80.13	<u>Initialed by Responsible Party: Buyer .....</u>	<u>Seller .....</u>
80.14	<u>Smoke alarms are required to be installed and operational in accordance with Code of</u>	
80.15	<u>Federal Regulations, title 24, section 3280.208.</u>	
80.16	<u>Complies .....</u>	<u>Correction required .....</u>
80.17	<u>Initialed by Responsible Party: Buyer .....</u>	<u>Seller .....</u>
80.18	<u>Carbon monoxide alarms or CO detectors that are approved and operational are required</u>	
80.19	<u>to be installed within ten feet of each room lawfully used for sleeping purposes.</u>	
80.20	<u>Complies .....</u>	<u>Correction required .....</u>
80.21	<u>Initialed by Responsible Party: Buyer .....</u>	<u>Seller .....</u>
80.22	<u>Egress windows are required in every bedroom with at least one operable window with</u>	
80.23	<u>a net clear opening of 20 inches wide and 24 inches high, five square feet in area, with</u>	
80.24	<u>the bottom of windows opening no more than 36 inches above the floor. Locks, latches,</u>	
80.25	<u>operating handles, tabs, or other operational devices shall not be located more than 54</u>	
80.26	<u>inches above the finished floor.</u>	
80.27	<u>Complies .....</u>	<u>Correction required .....</u>
80.28	<u>Initialed by Responsible Party: Buyer .....</u>	<u>Seller .....</u>
80.29	<u>The furnace compartment of the home is required to have interior finish with a flame</u>	
80.30	<u>spread rating not exceeding 25 feet, as specified in the 1976 United States Department of</u>	
80.31	<u>Housing and Urban Development Code governing manufactured housing construction.</u>	
80.32	<u>Complies .....</u>	<u>Correction required .....</u>
80.33	<u>Initialed by Responsible Party: Buyer .....</u>	<u>Seller .....</u>



81.1

The water heater enclosure in this home is required to have interior finish with a flame

81.2

spread rating not exceeding 25 feet, as specified in the 1976 United States Department of

81.3

Housing and Urban Development Code governing manufactured housing construction.

81.4

Complies .....

Correction required .....

81.5

Initialed by Responsible Party: Buyer .....

Seller .....

81.6

The home complies with the snowload and heat zone requirements for the state of

81.7

Minnesota as indicated by the data plate.

81.8

Complies .....

Correction required .....

81.9

Initialed by Responsible Party: Buyer .....

Seller .....

81.10

The parties to this agreement have initialed all required sections and agree by their

81.11

signature to complete any necessary corrections prior to the sale or transfer of ownership

81.12

of the home described below as listed in the purchase agreement. The state of Minnesota

81.13

or a local building official has the authority to inspect the home in the manner described in

81.14

Minnesota Statutes, section 327.33, prior to or after the sale to ensure compliance was

81.15

properly executed as provided under the Manufactured Home Building Code.

81.16

Signature of Purchaser(s) of Home

81.17

.....date.....

.....date.....

81.18

.....

.....

81.19

Print name as appears on purchase

81.20

agreement

81.21

Signature of Seller(s) of Home

81.22

.....date.....

.....date.....

81.23

.....

.....

81.24

Print name and license number, if applicable

81.25

(Street address of home at time of sale

81.26

.....

81.27

City/State/Zip).....

81.28

Name of manufacturer of home.....

81.29

Model and Year.....

81.30

Serial Number....."

81.31

Sec. 59. Minnesota Statutes 2008, section 327.32, is amended by adding a subdivision

81.32

to read:

81.33

Subd. 1b. **Alternative design plan.** An alternative frost-free design slab that is

81.34

submitted to the department, stamped by a licensed professional engineer or architect, and

81.35

is in compliance with the federal installation standards in effect at the date of manufacture

81.36

or the Minnesota State Building Code, when applicable, shall be issued a permit by the

81.37

department within ten days.

82.1 Sec. 60. Minnesota Statutes 2008, section 327.32, is amended by adding a subdivision  
82.2 to read:

82.3 Subd. 1c. **Manufacturer's installation instructions; new home.** All new  
82.4 single-section manufactured homes and new multisection manufactured homes shall be  
82.5 installed in compliance with the manufacturer's installation instructions in effect at the  
82.6 date of manufacture or, when applicable, the Minnesota State Building Code.

82.7 Sec. 61. Minnesota Statutes 2008, section 327.32, is amended by adding a subdivision  
82.8 to read:

82.9 Subd. 1d. **Manufacturer's installation instructions; used multisection homes.**  
82.10 All used multisection manufactured homes shall be installed in compliance with either  
82.11 the manufacturer's installation instructions in effect at the date of manufacture, approved  
82.12 addenda or, when applicable, the Minnesota State Building Code.

82.13 Sec. 62. Minnesota Statutes 2008, section 327.32, is amended by adding a subdivision  
82.14 to read:

82.15 Subd. 1e. **Reinstallation requirements for single-section used manufactured**  
82.16 **homes.** (a) All single-section used manufactured homes reinstalled less than 24 months  
82.17 from the date of installation by the first purchaser must be reinstalled in compliance with  
82.18 subdivision 1c. All single-section used manufactured homes reinstalled more than 24  
82.19 months from the date of installation by the first purchaser may be reinstalled without  
82.20 a frost-protected foundation if the home is reinstalled in compliance with Minnesota  
82.21 Rules, chapter 1350, for above frost-line installations and the notice requirement of  
82.22 subdivision 1f is complied with by the seller and the purchaser of the single-section used  
82.23 manufactured home.

82.24 (b) The installer shall affix an installation seal issued by the department to the  
82.25 outside of the home as required by the Minnesota State Building Code. The certificate  
82.26 of installation issued by the installer of record shall clearly state that the home has been  
82.27 reinstalled with an above frost-line foundation. Fees for inspection of a reinstallation and  
82.28 for issuance of reinstallation seals shall follow the requirements of sections 326B.802  
82.29 to 326B.885. Fees for review of plans, specifications, and on-site inspections shall be  
82.30 those as specified in section 326B.153, subdivision 1, paragraph (c). Whenever an  
82.31 installation certificate for an above frost-line installation is issued to a single-section used  
82.32 manufactured home being listed for sale, the purchase agreement must disclose that the  
82.33 home is installed on a nonfrost-protected foundation and recommend that the purchaser  
82.34 have the home inspected to determine the effects of frost on the home.

Sec. 63. Minnesota Statutes 2008, section 327.32, is amended by adding a subdivision to read:

Subd. 1f. **Notice requirement.** The seller of the single-section used manufactured home being reinstalled under subdivision 1e shall provide the following notice to the purchaser and secure signatures of all parties to the purchase agreement on or before signing a purchase agreement prior to submitting an application for an installation certificate. Whenever a current owner of a manufactured home reinstalls the manufactured home under subdivision 1e, the current owner is not required to comply with the notice requirement under this subdivision. The notice, which shall be in the same font size as required for the purchase agreement and becomes a part of the purchase agreement, shall be substantially in the following form:

**"Notice of Reinstalling of a Single-Section Used Manufactured Home Above Frost Line**

It is recommended that the single-section used manufactured home being reinstalled follow the instructions in the manufacturer's installation manual. By signing this notice, the purchaser(s) are acknowledging they have elected to use footings placed above the local frost line in accordance with the Minnesota State Building Code.

The seller has explained the differences between the manufacturer's installation instructions and the installation system selected by the purchaser(s) with respect to possible effects of frost on the manufactured home.

The purchaser(s) acknowledge by signing this notice that there is no manufacturer's original warranty remaining on the home and recognize that any other extended or ancillary warranty could be adversely affected if any applicable warranty stipulates that the home be installed in accordance with the manufacturer's installation manual to remain effective.

After the reinstallation of the manufactured home, it is highly recommended that the purchaser(s) have a licensed manufactured home installer recheck the home's installation for any releveled needs or anchoring system adjustments each freeze-thaw cycle.

The purchaser(s) of the used manufactured home described below that is being reinstalled acknowledge they have read this notice and have been advised to contact the manufacturer of the home and/or the Department of Labor and Industry if they desire additional information before signing this notice. It is the intent of this notice to inform the purchaser(s) that the purchaser(s) elected not to use a frost-protected foundation system for the reinstallation of the manufactured home as originally required by the home's installation manual.

**Plain language notice.**

84.1            I understand that because this home will be installed with footings placed above the  
84.2 local frost line, this home may be subject to adverse effects from frost heave that may  
84.3 damage this home. Purchaser(s) initials: .....

84.4            I understand that the installation of this home with footings placed above the local  
84.5 frost line could affect my ability to obtain a mortgage or mortgage insurance on this  
84.6 home. Purchaser(s) initials: .....

84.7            I understand that the installation of this home with footings placed above the local  
84.8 frost line could void my warranty on the home if any warranty is still in place on this  
84.9 home. Purchaser(s) initials: .....

84.10 Signature of Purchaser(s)  
84.11 .....date.....                      .....date.....  
84.12 .....                                      .....

84.13 Print name                                      Print name  
84.14 (Street address of location where  
84.15 manufactured home is being reinstalled)  
84.16 .....  
84.17 (City/State/Zip).....  
84.18 Name of manufacturer of home.....  
84.19 Model and year.....  
84.20 Serial number.....

84.21 Name of licensed installer and license number or homeowner responsible for the  
84.22 installation of the home as described above.  
84.23 Installer name:.....  
84.24 License number:....."

84.25            Sec. 64. Minnesota Statutes 2008, section 327B.04, subdivision 2, is amended to read:

84.26            Subd. 2. **Subagency licenses.** Any dealer who has a place of business at more than  
84.27 one location shall designate one location as its principal place of business, one name as its  
84.28 principal name, and all other established places of business as subagencies. A subagency  
84.29 license shall be required for each subagency. Subagency license renewal must coincide  
84.30 with the principal license date. No dealer shall do business as a dealer under any other  
84.31 name than the name on its license.

84.32            **EFFECTIVE DATE.** This section is effective January 1, 2012.

84.33            Sec. 65. Minnesota Statutes 2009 Supplement, section 327B.04, subdivision 7, is  
84.34 amended to read:

Subd. 7. **Licenses; ~~when granted~~ renewal.** In addition to the requirements of this section, each application for a license or license renewal must be accompanied by a fee in an amount established by subdivision 7a all applicable fees required by section 326B.092. The fees shall be set in an amount which over the fiscal biennium will produce revenues approximately equal to the expenses which the commissioner expects to incur during that fiscal biennium while administering and enforcing sections 327B.01 to 327B.12. ~~The commissioner shall grant or deny a license application or a renewal application within 60 days of its filing.~~ If the license is granted, the commissioner shall license the applicant as a dealer or manufacturer for the remainder of the licensure period. Upon application by the licensee, the commissioner shall renew the license for a two-year period, if:

- (1) the renewal application satisfies the requirements of subdivisions 3 and 4;
- (2) the renewal applicant has made all listings, registrations, notices and reports required by the commissioner during the preceding licensure period; and
- (3) the renewal applicant has paid all fees owed pursuant to sections 327B.01 to 327B.12 and all taxes, arrearages, and penalties owed to the state.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 66. Minnesota Statutes 2009 Supplement, section 327B.04, subdivision 7a, is amended to read:

Subd. 7a. **Fees.** (a) Fees for licenses issued pursuant to this section ~~are as follows:~~ shall be calculated pursuant to section 326B.092.

- ~~(1) initial dealer license for principal location, \$400. Fee is not refundable;~~
- ~~(2) initial dealer license for subagency location, \$80;~~
- ~~(3) dealer license biennial renewal, principal location, \$400; dealer subagency location biennial renewal, \$160. Subagency license renewal must coincide with the principal license date;~~
- ~~(4) initial limited dealer license, \$200;~~
- ~~(5) change of bonding company, \$10;~~
- ~~(6) reinstatement of bond after cancellation notice has been received, \$10;~~
- ~~(7) checks returned without payment, \$15; and~~
- ~~(8) change of address, \$10.~~

(b) All initial limited dealer licenses shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made.

~~(c) The license fee for each renewed limited dealer license shall be \$100 for one year and \$200 for two years.~~ For the purposes of calculating fees under section 326B.092, any

86.1 license issued under this section is a business license, except that a subagency license is a  
86.2 master license. The commissioner shall in a manner determined by the commissioner,  
86.3 without the need for any rulemaking under chapter 14, phase in the renewal of limited  
86.4 dealer licenses from one year to two years. By June 30, 2011, all renewed limited dealer  
86.5 licenses shall be two-year licenses.

86.6 ~~(d) All fees are not refundable.~~

86.7 **EFFECTIVE DATE.** This section is effective January 1, 2012.

86.8 Sec. 67. Minnesota Statutes 2009 Supplement, section 327B.04, subdivision 8, is  
86.9 amended to read:

86.10 Subd. 8. **Limited dealer's license.** The commissioner shall issue a limited dealer's  
86.11 license to an owner of a manufactured home park authorizing the licensee as principal  
86.12 only to engage in the sale, offering for sale, soliciting, or advertising the sale of used  
86.13 manufactured homes located in the owned manufactured home park. The licensee must be  
86.14 the title holder of the homes and may engage in no more than ten sales during each year of  
86.15 the two-year licensure period. An owner may, upon payment of the applicable fee and  
86.16 compliance with this subdivision, obtain a separate license for each owned manufactured  
86.17 home park and is entitled to sell up to 20 homes per license period provided that only one  
86.18 limited dealer license may be issued for each park. The license shall be issued after:

86.19 (1) receipt of an application on forms provided by the commissioner containing  
86.20 the following information:

86.21 (i) the identity of the applicant;

86.22 (ii) the name under which the applicant will be licensed and do business in this state;

86.23 (iii) the name and address of the owned manufactured home park, including a copy  
86.24 of the park license, serving as the basis for the issuance of the license;

86.25 (iv) the name, home, and business address of the applicant;

86.26 (v) the name, address, and telephone number of one individual that is designated  
86.27 by the applicant to receive all communications and cooperate with all inspections and  
86.28 investigations of the commissioner pertaining to the sale of manufactured homes in the  
86.29 manufactured home park owned by the applicant;

86.30 (vi) whether the applicant or its designated individual has been convicted of a crime  
86.31 within the previous ten years that is either related directly to the business for which the  
86.32 license is sought or involved fraud, misrepresentation or misuse of funds, or has suffered a  
86.33 judgment in a civil action involving fraud, misrepresentation, or conversion within the  
86.34 previous five years or has had any government license or permit suspended or revoked

as a result of an action brought by a federal or state governmental agency in this or any other state within the last five years; and

(vii) the applicant's qualifications and business history, including whether the applicant or its designated individual has ever been adjudged bankrupt or insolvent, or has any unsatisfied court judgments outstanding against it or them;

(2) payment of the license fee established by subdivision 7a; and

(3) provision of a surety bond in the amount of \$5,000. A separate surety bond must be provided for each limited license.

The applicant need not comply with section 327B.04, subdivision 4, paragraph (e). The holding of a limited dealer's license does not satisfy the requirement contained in section 327B.04, subdivision 4, paragraph (e), for the licensee or salespersons with respect to obtaining a dealer license. The commissioner may, upon application for a renewal of a license, require only a verification that copies of sales documents have been retained and payment of the renewal ~~fee fees~~ established by ~~subdivision 7a~~ section 326B.092. "Sales documents" mean only the safety feature disclosure form defined in section 327C.07, subdivision 3a, title of the home, financing agreements, and purchase agreements.

The license holder shall, upon request of the commissioner, make available for inspection during business hours sales documents required to be retained under this subdivision.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 68. Minnesota Statutes 2009 Supplement, section 327B.041, is amended to read:

**327B.041 MANUFACTURED HOME INSTALLERS.**

(a) Manufactured home installers are subject to all of the fees in section 326B.092 and the requirements of sections 326B.802 to 326B.885, except for the following:

(1) manufactured home installers are not subject to the continuing education requirements of section 326B.821, but are subject to the continuing education requirements established in rules adopted under section 327B.10;

(2) the examination requirement of section 326B.83, subdivision 3, for manufactured home installers shall be satisfied by successful completion of a written examination administered and developed specifically for the examination of manufactured home installers. The examination must be administered and developed by the commissioner. The commissioner and the state building official shall seek advice on the grading, monitoring, and updating of examinations from the Minnesota Manufactured Housing Association;

(3) a local government unit may not place a surcharge on a license fee, and may not charge a separate fee to installers;

(4) a dealer or distributor who does not install or repair manufactured homes is exempt from licensure under sections 326B.802 to 326B.885;

(5) the exemption under section 326B.805, subdivision 6, clause (5), does not apply; and

(6) manufactured home installers are not subject to the contractor recovery fund in section 326B.89.

(b) The commissioner may waive all or part of the requirements for licensure as a manufactured home installer for any individual who holds an unexpired license or certificate issued by any other state or other United States jurisdiction if the licensing requirements of that jurisdiction meet or exceed the corresponding licensing requirements of the department and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. For the purposes of calculating fees under section 326B.092, licensure as a manufactured home installer is a business license.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 69. **WATER-FREE URINALS.**

The Plumbing Board shall have expedited rulemaking authority provided under section 14.389 for expedited rules regarding water-free urinals that meet the Minnesota Plumbing Board standards. This authority expires December 31, 2010.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 70. **REVISOR'S INSTRUCTION.**

In Minnesota Rules, the revisor of statutes shall change all references to Minnesota Rules, part 1350.8300 to Minnesota Statutes, section 327B.04.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 71. **REPEALER.**

(a) Minnesota Statutes 2008, sections 326B.133, subdivisions 9 and 10; 326B.37, subdivision 13; 326B.475, subdivisions 5 and 6; 326B.56, subdivision 3; 326B.885, subdivisions 3 and 4; and 326B.976, are repealed.

(b) Minnesota Statutes 2008, sections 327.32, subdivision 4; and 327C.07, subdivisions 3, 3a, and 8, are repealed.

(c) Minnesota Statutes 2009 Supplement, section 326B.56, subdivision 4, is repealed.





must be a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and the application must contain the names and complete business addresses of each partner, member, director, and principal officer. The application must also include a description of the activities of the license applicant, in the detail and for the periods the commissioner may require.

(b) A residential mortgage originator applicant must submit ~~one of the following:~~

~~(1) evidence which shows, to the commissioner's satisfaction, that either the federal Department of Housing and Urban Development or the Federal National Mortgage Association has approved the residential mortgage originator applicant as a mortgagee;~~

~~(2) a surety bond or irrevocable letter of credit in the amount of not less than \$50,000 in a form approved by the commissioner, issued by an insurance company or bank authorized to do so in this state. The bond or irrevocable letter of credit must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter and for losses incurred by borrowers. The bond or letter of credit must be submitted with the license application, and evidence of continued coverage must be submitted with each renewal. Any change in the bond or letter of credit must be submitted for approval by the commissioner within ten days of its execution; or~~

~~(3) a copy of the residential mortgage originator applicant's most recent audited financial statement, including balance sheet, statement of income or loss, statements of changes in shareholder equity, and statement of changes in financial position. Financial statements must be as of a date within 12 months of the date of application~~ a surety bond that meets the requirements of section 58.08, subdivision 1a.

(c) The application must also include all of the following:

(1) an affirmation under oath that the applicant:

(i) is in compliance with the requirements of section 58.125;

~~(ii) will maintain a perpetual roster of individuals employed as residential mortgage originators, including employees and independent contractors, which includes the dates that mandatory testing, initial education, and continuing education were completed. In addition, the roster must be made available to the commissioner on demand, within three business days of the commissioner's request;~~

~~(iii)~~ will advise the commissioner of any material changes to the information submitted in the most recent application within ten days of the change;

~~(iv)~~ (iii) will advise the commissioner in writing immediately of any bankruptcy petitions filed against or by the applicant or licensee;

91.1 ~~(v)~~ (iv) will maintain at all times ~~either a net worth, net of intangibles, of at least~~  
91.2 ~~\$250,000 or a surety bond or irrevocable letter of credit in the amount of at least \$50,000~~  
91.3 ~~\$100,000;~~

91.4 ~~(vi)~~ (v) complies with federal and state tax laws; and

91.5 ~~(vii)~~ (vi) complies with sections 345.31 to 345.60, the Minnesota unclaimed  
91.6 property law;

91.7 (2) information as to the mortgage lending, servicing, or brokering experience of the  
91.8 applicant and persons in control of the applicant;

91.9 (3) information as to criminal convictions, excluding traffic violations, of persons in  
91.10 control of the license applicant;

91.11 (4) whether a court of competent jurisdiction has found that the applicant or persons  
91.12 in control of the applicant have engaged in conduct evidencing gross negligence, fraud,  
91.13 misrepresentation, or deceit in performing an act for which a license is required under  
91.14 this chapter;

91.15 (5) whether the applicant or persons in control of the applicant have been the subject  
91.16 of: an order of suspension or revocation, cease and desist order, or injunctive order, or  
91.17 order barring involvement in an industry or profession issued by this or another state or  
91.18 federal regulatory agency or by the Secretary of Housing and Urban Development within  
91.19 the ten-year period immediately preceding submission of the application; and

91.20 (6) other information required by the commissioner.

91.21 **EFFECTIVE DATE.** This section is effective July 31, 2010.

91.22 Sec. 3. Minnesota Statutes 2008, section 58.08, is amended by adding a subdivision to  
91.23 read:

91.24 **Subd. 1a. Residential mortgage originators.** (a) An applicant for a residential  
91.25 mortgage originator license must file with the department a surety bond in the amount of  
91.26 \$100,000, issued by an insurance company authorized to do so in this state. The bond  
91.27 must cover all mortgage loan originators who are employees or independent agents of  
91.28 the applicant. The bond must be available for the recovery of expenses, fines, and fees  
91.29 levied by the commissioner under this chapter and for losses incurred by borrowers as  
91.30 a result of a licensee's noncompliance with the requirements of this chapter, sections  
91.31 325D.43 to 325D.48, and 325F.67 to 325F.69, or breach of contract relating to activities  
91.32 regulated by this chapter.

91.33 (b) The bond must be submitted with the originator's license application and  
91.34 evidence of continued coverage must be submitted with each renewal. Any change in the

bond must be submitted for approval by the commissioner, within ten days of its execution.  
The bond or a substitute bond shall remain in effect during all periods of licensing.

(c) Upon filing of the mortgage call report as required by section 58A.17, a licensee shall maintain or increase its surety bond to reflect the total dollar amount of the closed residential mortgage loans originated in this state in the preceding year in accordance with the table in this paragraph. A licensee may decrease its surety bond in accordance with the table in this paragraph if the surety bond required is less than the amount of the surety bond on file with the department.

<u>Dollar Amount of Closed Residential Mortgage Loans</u>	<u>Surety Bond Required</u>
<u>\$0 to \$5,000,000</u>	<u>\$100,000</u>
<u>\$5,000,000.01 to \$10,000,000</u>	<u>\$125,000</u>
<u>\$10,000,000.01 to \$25,000,000</u>	<u>\$150,000</u>
<u>Over \$25,000,000</u>	<u>\$200,000</u>

For purposes of this subdivision, "mortgage loan originator" has the meaning given in section 58A.02, subdivision 7.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 4. Minnesota Statutes 2008, section 58.09, is amended to read:

**58.09 TERM OF LICENSE.**

~~Initial~~ Licenses for residential mortgage originators and residential mortgage servicers issued under this chapter expire on ~~July 31, 2001,~~ December 31 and are renewable on ~~August 1, 2001, and on August 1~~ January 1 of each ~~odd-numbered~~ year after that date. ~~A new licensee whose license expires less than 12 months from the date of issuance shall pay a fee equal to one-half the applicable initial license fee set forth in section 58.10, subdivision 1, clause (1) or (3).~~

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 5. Minnesota Statutes 2008, section 58.10, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees must be paid to the commissioner:

- (1) for ~~an initial~~ a residential mortgage originator license, ~~\$2,125~~ \$1,000, \$50 of which is credited to the consumer education account in the special revenue fund;
- (2) for a renewal license, ~~\$1,125~~ \$500, \$50 of which is credited to the consumer education account in the special revenue fund;
- (3) for ~~an initial~~ a residential mortgage servicer's license, ~~\$1,000~~ \$500;
- (4) for a renewal license, ~~\$500~~ \$250; and

93.1 (5) for a certificate of exemption, \$100.

93.2 **EFFECTIVE DATE.** This section is effective July 31, 2010.

93.3 Sec. 6. Minnesota Statutes 2008, section 58.11, is amended to read:

93.4 **58.11 LICENSE RENEWAL.**

93.5 Subdivision 1. **Term.** Licenses are renewable on ~~August 1, 2001, and on August 1~~  
93.6 January 1 of each ~~odd-numbered year after that date.~~

93.7 Subd. 2. **Timely renewal.** (a) A person whose application is properly and timely  
93.8 filed who has not received notice of denial of renewal is considered approved for renewal  
93.9 and the person may continue to transact business as a residential mortgage originator or  
93.10 servicer whether or not the renewed license has been received on or before ~~August~~ January  
93.11 1 of the renewal year. Application for renewal of a license is considered timely filed if  
93.12 received by the commissioner by, or mailed with proper postage and postmarked by, ~~July~~  
93.13 December 15 of the renewal year. An application for renewal is considered properly filed  
93.14 if made upon forms duly executed and sworn to, accompanied by fees prescribed by this  
93.15 chapter, and containing any information that the commissioner requires.

93.16 (b) A person who fails to make a timely application for renewal of a license and  
93.17 who has not received the renewal license as of ~~August~~ January 1 of the renewal year is  
93.18 unlicensed until the renewal license has been issued by the commissioner and is received  
93.19 by the person.

93.20 Subd. 3. **Contents of renewal application.** Application for the renewal of an  
93.21 existing license must contain the information specified in section 58.06, subdivision 2;  
93.22 however, only the requested information having changed from the most recent prior  
93.23 application need be submitted.

93.24 Subd. 4. **Cancellation.** A licensee ceasing an activity or activities regulated by this  
93.25 chapter and desiring to no longer be licensed shall so inform the commissioner in writing  
93.26 and, at the same time, surrender the license and all other symbols or indicia of licensure.  
93.27 The licensee shall include a plan for the withdrawal from regulated business, including a  
93.28 timetable for the disposition of the business.

93.29 **EFFECTIVE DATE.** This section is effective July 31, 2010.

93.30 Sec. 7. **[58A.01] TITLE.**

93.31 This chapter may be cited as the "Minnesota Secure and Fair Enforcement for  
93.32 Mortgage Licensing Act of 2010" or "Minnesota S.A.F.E. Mortgage Licensing Act of  
93.33 2010."

94.1 **EFFECTIVE DATE.** This section is effective July 31, 2010.

94.2 Sec. 8. **[58A.02] DEFINITIONS.**

94.3 Subdivision 1. **Application.** For purposes of this chapter, the definitions in  
94.4 subdivisions 2 to 15 have the meanings given them.

94.5 Subd. 2. **Depository institution.** "Depository institution" has the meaning given in  
94.6 United States Code, title 12, section 1813, and includes a credit union.

94.7 Subd. 3. **Federal banking agencies.** "Federal banking agencies" means the Board  
94.8 of Governors of the Federal Reserve System, the comptroller of the currency, the director  
94.9 of the Office of Thrift Supervision, the National Credit Union Administration, and the  
94.10 Federal Deposit Insurance Corporation.

94.11 Subd. 4. **Immediate family member.** "Immediate family member" means a spouse,  
94.12 child, sibling, parent, grandparent, or grandchild. This includes stepparents, stepchildren,  
94.13 stepsiblings, and adoptive relationships.

94.14 Subd. 5. **Individual.** "Individual" means a natural person.

94.15 Subd. 6. **Loan processor or underwriter.** "Loan processor or underwriter" means  
94.16 an individual who performs clerical or support duties as an employee at the direction  
94.17 of and subject to the supervision and instruction of a person licensed or exempt from  
94.18 licensing under chapter 58. For purposes of this subdivision, the term "clerical or support  
94.19 duties" may include after the receipt of an application:

94.20 (1) the receipt, collection, distribution, and analysis of information common for the  
94.21 processing or underwriting of a residential mortgage loan; and

94.22 (2) communicating with a consumer to obtain the information necessary for the  
94.23 processing or underwriting of a loan, to the extent that the communication does not include  
94.24 offering or negotiating loan rates or terms, or counseling consumers about residential  
94.25 mortgage loan rates or terms.

94.26 Subd. 7. **Mortgage loan originator.** "Mortgage loan originator":

94.27 (1) means an individual who for compensation or gain or in the expectation of  
94.28 compensation or gain:

94.29 (i) takes a residential mortgage loan application; or

94.30 (ii) offers or negotiates terms of a residential mortgage loan;

94.31 (2) does not include an individual engaged solely as a loan processor or underwriter  
94.32 except as otherwise provided in section 58A.03, subdivision 3;

94.33 (3) does not include a person or entity that only performs real estate brokerage  
94.34 activities and is licensed or registered according to Minnesota law, unless the person or

entity is compensated by a lender, a mortgage broker, or other mortgage loan originator or by an agent of the lender, mortgage broker, or other mortgage loan originator;

(4) does not include a person or entity solely involved in extensions of credit relating to timeshare plans, as that term is defined in United States Code, title 11, section 101(53D); and

(5) does not include a licensed manufactured home retailer, licensed limited retailer, or salesperson selling manufactured or modular homes, provided that person only assists the consumer in filling out a loan application and does not offer or negotiate loan rates or terms, does not do any counseling with consumers about residential mortgage loan rates or terms, and does not receive any payment or fee from any company or individual for assisting the consumer.

**Subd. 8. Nationwide Mortgage Licensing System and Registry.** "Nationwide Mortgage Licensing System and Registry" means a mortgage licensing system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for the licensing and registration of licensed mortgage loan originators.

**Subd. 9. Nontraditional mortgage product.** "Nontraditional mortgage product" means a mortgage product other than a 30-year fixed rate mortgage loan.

**Subd. 10. Person.** "Person" means a natural person, corporation, company, limited liability company, partnership, or association.

**Subd. 11. Real estate brokerage activity.** "Real estate brokerage activity" means an activity that involves offering or providing real estate brokerage services to the public, including:

(1) acting as a real estate agent or real estate broker for a buyer, seller, lessor, or lessee of real property;

(2) bringing together parties interested in the sale, purchase, lease, rental, or exchange of real property;

(3) negotiating, on behalf of a party, a portion of a contract relating to the sale, purchase, lease, rental, or exchange of real property other than in connection with providing financing with respect to the transaction;

(4) engaging in an activity for which a person engaged in the activity is required to be registered or licensed as a real estate agent or real estate broker under any applicable law; and

(5) offering to engage in any activity, or act in any capacity, described in clause (1), (2), (3), or (4).

Subd. 12. **Registered mortgage loan originator.** "Registered mortgage loan originator" means an individual who:

- (1) meets the definition of mortgage loan originator and is an employee of:
  - (i) a depository institution;
  - (ii) a subsidiary that is owned and controlled by a depository institution and regulated by a federal banking agency; or
  - (iii) an institution regulated by the Farm Credit Administration; and
- (2) is registered with, and maintains a unique identifier through, the Nationwide Mortgage Licensing System and Registry.

Subd. 13. **Residential mortgage loan.** "Residential mortgage loan" means a loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling, as defined in United States Code, title 15, section 1602(v), or residential real estate upon which a dwelling is constructed or intended to be constructed.

Subd. 14. **Residential real estate.** "Residential real estate" means real property located in Minnesota, upon which a dwelling is constructed or is intended to be constructed.

Subd. 15. **Unique identifier.** "Unique identifier" means a number or other identifier assigned by protocols established by the Nationwide Mortgage Licensing System and Registry.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 9. **[58A.03] LICENSE AND REGISTRATION REQUIRED.**

Subdivision 1. **Generally.** An individual, unless specifically exempted from this chapter under subdivision 2, shall not engage in the business of a mortgage loan originator with respect to a dwelling located in this state without first obtaining and maintaining a license under this chapter. An individual may not engage in the mortgage loan business unless the individual is employed and supervised by an entity which is either licensed or exempt from licensing under chapter 58. A licensed mortgage loan originator must register with and maintain a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry.

Subd. 2. **Exemptions.** The following are exempt from this chapter:

- (1) a registered mortgage loan originator, when acting for an entity described in section 58A.02, subdivision 12, clause (1);
- (2) an individual who offers or negotiates terms of a residential mortgage loan with or on behalf of an immediate family member of the individual;



(3) an individual who offers or negotiates terms of a residential mortgage loan secured by a dwelling that served as the individual's residence; and

(4) a licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a lender, a mortgage broker, or other mortgage loan originator or by any agent of the lender, mortgage broker, or other mortgage loan originator.

**Subd. 3. Independent contractor loan processors or underwriters.** A loan processor or underwriter who is an independent contractor may not engage in the activities of a loan processor or underwriter unless the independent contractor loan processor or underwriter obtains and maintains a license under subdivision 1. An independent contractor loan processor or underwriter licensed as a mortgage loan originator must have and maintain a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry.

**EFFECTIVE DATE.** In order to facilitate an orderly transition to licensing and minimize disruption in the mortgage marketplace, the effective date for subdivision 1 is July 31, 2010, or a later date approved by the Secretary of the U.S. Department of Housing and Urban Development, under the authority granted in Public Law 110-289, section 1508(a).

**Sec. 10. [58A.04] STATE LICENSE AND REGISTRATION APPLICATION AND ISSUANCE.**

**Subdivision 1. Application form.** An applicant for a license shall apply in a form as prescribed by the commissioner. The form must contain content as set forth by rule, instruction, or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of this chapter.

**Subd. 2. Commissioner may establish relationships or contracts.** In order to fulfill the purposes of this chapter, the commissioner is authorized to establish relationships or contracts with the Nationwide Mortgage Licensing System and Registry or other entities designated by the Nationwide Mortgage Licensing System and Registry to collect and maintain records and process transaction fees or other fees related to licensees or other persons subject to this chapter.

**Subd. 3. Waive or modify requirements.** For the purpose of participating in the Nationwide Mortgage Licensing System and Registry, the commissioner is authorized to waive or modify, in whole or in part, by rule or order, any or all of the requirements of

this chapter and to establish new requirements as reasonably necessary to participate in the Nationwide Mortgage Licensing System and Registry.

Subd. 4. **Background checks.** In connection with an application for licensing as a mortgage loan originator, the applicant shall, at a minimum, furnish to the Nationwide Mortgage Licensing System and Registry information concerning the applicant's identity, including:

(1) fingerprints for submission to the Federal Bureau of Investigation, and a governmental agency or entity authorized to receive the information for a state, national, and international criminal history background check; and

(2) personal history and experience in a form prescribed by the Nationwide Mortgage Licensing System and Registry, including the submission of authorization for the Nationwide Mortgage Licensing System and Registry and the commissioner to obtain:

(i) an independent credit report obtained from a consumer reporting agency described in United States Code, title 15, section 1681a(p); and

(ii) information related to administrative, civil, or criminal findings by a governmental jurisdiction.

Subd. 5. **Agent for purposes of requesting and distributing criminal information.** For the purposes of this section and in order to reduce the points of contact which the Federal Bureau of Investigation may have to maintain for purposes of subdivision 4, clauses (1) and (2), the commissioner may use the Nationwide Mortgage Licensing System and Registry as a channeling agent for requesting information from and distributing information to the Department of Justice or any governmental agency.

Subd. 6. **Agent for purposes of requesting and distributing noncriminal information.** For the purposes of this section and in order to reduce the points of contact which the commissioner may have to maintain for purposes of subdivision 4, clause (2)(i) and (ii), the commissioner may use the Nationwide Mortgage Licensing System and Registry as a channeling agent for requesting and distributing information to and from any source so directed by the commissioner.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 11. **[58A.045] TERM OF LICENSE AND FEES.**

Subdivision 1. **Term.** Licenses for mortgage loan originators issued under this chapter expire on December 31 and are renewable on January 1 of each year after that date.

Subd. 2. **Fees.** The following fees must be paid to the commissioner:

(1) for a mortgage loan originator license, \$100; and

(2) for a renewal mortgage loan originator license, \$50.

99.1 **EFFECTIVE DATE.** This section is effective July 31, 2010.

99.2 Sec. 12. **[58A.05] ISSUANCE OF LICENSE.**

99.3 The commissioner shall not issue a mortgage loan originator license unless the  
99.4 commissioner finds, at a minimum, that:

99.5 (1) the applicant has never had a mortgage loan originator license revoked in a  
99.6 governmental jurisdiction, except that a subsequent formal vacation of a revocation shall  
99.7 not be deemed a revocation;

99.8 (2) the applicant has not been convicted of, or pled guilty or nolo contendere to, a  
99.9 felony in a domestic, foreign, or military court:

99.10 (i) during the seven-year period preceding the date of the application for licensing  
99.11 and registration;

99.12 (ii) at any time preceding the date of application, if the felony involved an act of  
99.13 fraud, dishonesty, or a breach of trust, or money laundering; or

99.14 (iii) provided that a pardon of a conviction is not a conviction for purposes of this  
99.15 clause;

99.16 (3) the applicant has demonstrated financial responsibility, character, and general  
99.17 fitness such as to command the confidence of the community and to warrant a  
99.18 determination that the mortgage loan originator will operate honestly, fairly, and efficiently  
99.19 within the purposes of this chapter. For purposes of this chapter, a person has shown that  
99.20 the person is not financially responsible when the person has shown a disregard in the  
99.21 management of the person's own financial condition. A determination that an individual  
99.22 has not shown financial responsibility may include, but is not limited to:

99.23 (i) current outstanding judgments, except judgments solely as a result of medical  
99.24 expenses;

99.25 (ii) current outstanding tax liens or other government liens and filings;

99.26 (iii) foreclosures within the past three years; and

99.27 (iv) a pattern of seriously delinquent accounts within the past three years;

99.28 (4) the applicant has completed the prelicensing education requirement described  
99.29 in section 58A.06;

99.30 (5) the applicant has passed a written test that meets the test requirement described  
99.31 in section 58A.07; and

99.32 (6) the applicant has met the surety bond requirement as required under section  
99.33 58A.13.

99.34 **EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 13. **[58A.06] PRELICENSING AND RELICENSING EDUCATION OF  
LOAN ORIGINATORS.**

Subdivision 1. Minimum educational requirements. In order to meet the  
prelicensing education requirement referred to in section 58A.05, clause (4), a person  
shall complete at least 20 hours of education approved according to subdivision 2, that  
includes at least:

(1) three hours of federal law and regulations;

(2) three hours of ethics, which includes instruction on fraud, consumer protection,  
and fair lending issues; and

(3) two hours of training related to lending standards for the nontraditional mortgage  
product marketplace.

Subd. 2. Approved educational courses. For purposes of subdivision 1,  
prelicensing education courses must be reviewed and approved by the Nationwide  
Mortgage Licensing System and Registry based upon reasonable standards. Review  
and approval of a prelicensing education course must include review and approval of  
the course provider.

Subd. 3. Approval of employer and affiliate educational courses. Nothing in  
this section precludes a prelicensing education course, as approved by the Nationwide  
Mortgage Licensing System and Registry, that is provided by the employer of the applicant  
or an entity that is affiliated with the applicant by an agency contract, or any subsidiary or  
affiliate of the employer or entity.

Subd. 4. Venue of education. Prelicensing education may be offered in a classroom,  
online, or by any other means approved by the Nationwide Mortgage Licensing System  
and Registry.

Subd. 5. Reciprocity of education. The prelicensing education requirements  
approved by the Nationwide Mortgage Licensing System and Registry in subdivision  
1 for a state must be accepted as credit toward completion of prelicensing education  
requirements in Minnesota.

Subd. 6. Relicensing education requirements. A person previously licensed under  
this chapter after the effective date of this chapter applying to be licensed again must  
prove that the person has completed all of the continuing education requirements for  
the year in which the license was last held.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 14. **[58A.07] TESTING OF LOAN ORIGINATORS.**

Subdivision 1. **Generally.** In order to meet the written test requirement referred to in section 58A.05, clause (5), an individual shall pass, in accordance with the standards established under this section, a qualified written test developed by the Nationwide Mortgage Licensing System and Registry and administered by a test provider approved by the Nationwide Mortgage Licensing System and Registry based upon reasonable standards.

Subd. 2. **Qualified test.** A written test must not be treated as a qualified written test for purposes of subdivision 1 unless the test adequately measures the applicant's knowledge and comprehension in appropriate subject areas, including:

- (1) ethics;
- (2) federal law and regulation pertaining to mortgage origination;
- (3) state law and rule pertaining to mortgage origination; and
- (4) federal and state law and rule, including instruction on fraud, consumer protection, the nontraditional mortgage marketplace, and fair lending issues.

Subd. 3. **Testing location.** Nothing in this section prohibits a test provider approved by the Nationwide Mortgage Licensing System and Registry from providing a test at the location of the employer of the applicant or the location of a subsidiary or affiliate of the employer of the applicant, or the location of an entity with which the applicant holds an exclusive arrangement to conduct the business of a mortgage loan originator.

Subd. 4. **Minimum competence.** (a) An individual is not considered to have passed a qualified written test unless the individual achieves a test score of not less than 75 percent correct answers to questions.

(b) An individual may retake a test three consecutive times with each consecutive taking occurring at least 30 days after the preceding test.

(c) After failing three consecutive tests, an individual shall wait at least six months before taking the test again.

(d) A licensed mortgage loan originator who fails to maintain a valid license for a period of five years or longer shall retake the test, not taking into account any time during which the individual is a registered mortgage loan originator.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 15. **[58A.08] STANDARDS FOR LICENSE RENEWAL.**

Subdivision 1. **Generally.** The minimum standards for license renewal for a mortgage loan originator include that the mortgage loan originator:

- (1) continues to meet the minimum standards for license issuance under section 58A.05;

102.1           (2) has satisfied the annual continuing education requirements described in section  
102.2   58A.09; and

102.3           (3) has paid all required fees for renewal of the license.

102.4           Subd. 2. **Failure to satisfy minimum standards of license renewal.** The license of  
102.5   a mortgage loan originator failing to satisfy the minimum standards for license renewal  
102.6   expires. The commissioner may adopt procedures for the reinstatement of expired licenses  
102.7   consistent with the standards established by the Nationwide Mortgage Licensing System  
102.8   and Registry.

102.9           **EFFECTIVE DATE.** This section is effective July 31, 2010.

102.10       Sec. 16. **[58A.09] CONTINUING EDUCATION FOR MORTGAGE LOAN**  
102.11 **ORIGINATORS.**

102.12           Subdivision 1. **Generally.** In order to meet the annual continuing education  
102.13   requirements referred to in section 58A.08, subdivision 1, clause (2), a licensed mortgage  
102.14   loan originator shall complete at least eight hours of education approved according to  
102.15   subdivision 2 that includes at least:

102.16           (1) three hours of federal law and regulations;

102.17           (2) two hours of ethics, which includes instruction on fraud, consumer protection,  
102.18   and fair lending issues; and

102.19           (3) two hours of training related to lending standards for the nontraditional mortgage  
102.20   product marketplace.

102.21           Subd. 2. **Approved educational courses.** For purposes of subdivision 1, continuing  
102.22   education courses must be reviewed and approved by the Nationwide Mortgage Licensing  
102.23   System and Registry based upon reasonable standards. Review and approval of a  
102.24   continuing education course must include review and approval of the course provider.

102.25           Subd. 3. **Approval of employer and affiliate educational courses.** Nothing in  
102.26   this section precludes an education course, as approved by the Nationwide Mortgage  
102.27   Licensing System and Registry, that is provided by the employer of the mortgage loan  
102.28   originator or an entity that is affiliated with the mortgage loan originator by an agency  
102.29   contract, or a subsidiary or affiliate of the employer or entity.

102.30           Subd. 4. **Venue of education.** Continuing education may be offered either in a  
102.31   classroom, online, or by other means approved by the Nationwide Mortgage Licensing  
102.32   System and Registry.

102.33           Subd. 5. **Calculation of continuing education credits.** A licensed mortgage loan  
102.34   originator:

(1) except for subdivision 9 and section 58A.08, subdivision 2, may only receive credit for a continuing education course in the year in which the course is taken; and

(2) may not take the same approved course in the same or successive years to meet the annual requirements for continuing education.

Subd. 6. **Instructor credit.** A licensed mortgage loan originator who is an approved instructor of an approved continuing education course may receive credit for the licensed mortgage loan originator's own annual continuing education requirement at the rate of two hours credit for every one hour taught.

Subd. 7. **Reciprocity of education.** A person having successfully completed the education requirements approved by the Nationwide Mortgage Licensing System and Registry in subdivision 1 for a state must be accepted as credit toward completion of continuing education requirements in Minnesota.

Subd. 8. **Lapse in license.** A licensed mortgage loan originator who subsequently becomes unlicensed must complete the continuing education requirements for the last year in which the license was held before a new or renewed license is issued.

Subd. 9. **Deficiency.** A person meeting the requirements of section 58A.08, subdivision 1, clauses (1) and (3), may make up a deficiency in continuing education as established by rule of the commissioner.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 17. **[58A.10] AUTHORITY TO REQUIRE LICENSE.**

In addition to any other duties imposed upon the commissioner by law, the commissioner shall require mortgage loan originators to be licensed and registered through the Nationwide Mortgage Licensing System and Registry. In order to carry out this requirement, the commissioner may participate in the Nationwide Mortgage Licensing System and Registry. For this purpose, the commissioner may establish by rule or order requirements as necessary, including but not limited to:

(1) background checks for:

(i) criminal history through fingerprint or other databases;

(ii) civil or administrative records;

(iii) credit history; or

(iv) other information as determined necessary by the Nationwide Mortgage Licensing System and Registry;

(2) the payment of fees to apply for or renew licenses through the Nationwide Mortgage Licensing System and Registry;

(3) the setting or resetting as necessary of renewal or reporting dates; and

104.1        (4) requirements for amending or surrendering a license or other activities the  
104.2 commissioner considers necessary for participation in the Nationwide Mortgage Licensing  
104.3 System and Registry.

104.4        **EFFECTIVE DATE.** This section is effective July 31, 2010.

104.5        Sec. 18. **[58A.11] NATIONWIDE MORTGAGE LICENSING SYSTEM AND**  
104.6 **REGISTRY INFORMATION CHALLENGE PROCESS.**

104.7        The commissioner shall establish a process that allows mortgage loan originators  
104.8 to challenge information entered into the Nationwide Mortgage Licensing System and  
104.9 Registry by the commissioner.

104.10       **EFFECTIVE DATE.** This section is effective July 31, 2010.

104.11       Sec. 19. **[58A.12] ENFORCEMENT AUTHORITIES, VIOLATIONS, AND**  
104.12 **PENALTIES.**

104.13        (a) In order to ensure the effective supervision and enforcement of this chapter, the  
104.14 commissioner may, pursuant to chapter 14:

104.15        (1) deny, suspend, revoke, condition, or decline to renew a license for a violation of  
104.16 this chapter, rules issued under this chapter, or order or directive entered under this chapter;

104.17        (2) deny, suspend, revoke, condition, or decline to renew a license if an applicant  
104.18 or licensee fails at any time to meet the requirements of section 58A.05 or 58A.08, or  
104.19 withholds information or makes a material misstatement in an application for a license  
104.20 or renewal of a license;

104.21        (3) order restitution against persons subject to this chapter for violations of this  
104.22 chapter;

104.23        (4) impose fines on persons subject to this chapter pursuant to paragraphs (b)  
104.24 to (d); and

104.25        (5) issue orders or directives under this chapter as follows:

104.26        (i) order or direct persons subject to this chapter to cease and desist from conducting  
104.27 business, including immediate temporary orders to cease and desist;

104.28        (ii) order or direct persons subject to this chapter to cease any harmful activities or  
104.29 violations of this chapter, including immediate temporary orders to cease and desist;

104.30        (iii) enter immediate temporary orders to cease business under a license or interim  
104.31 license issued pursuant to the authority granted under section 58A.04 if the commissioner  
104.32 determines that the license was erroneously granted or the licensee is currently in violation  
104.33 of this chapter; and



(iv) order or direct other affirmative action the commissioner considers necessary.

(b) The commissioner may impose a civil penalty on a mortgage loan originator or person subject to this chapter, if the commissioner finds, on the record after notice and opportunity for hearing, that the mortgage loan originator or person subject to this chapter has violated or failed to comply with any requirement of this chapter or any rule prescribed by the commissioner under this chapter or order issued under authority of this chapter.

(c) The maximum amount of penalty for each act or omission described in paragraph (b) is \$25,000.

(d) Each violation or failure to comply with any directive or order of the commissioner is a separate and distinct violation or failure.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 20. **[58A.13] SURETY BOND REQUIRED.**

Subdivision 1. Coverage, form, and rules. (a) Each mortgage loan originator must be covered by a surety bond meeting the requirements of this section. In the event that the mortgage loan originator is an employee or exclusive agent of a person subject to this chapter, the surety bond of the person subject to this chapter can be used in lieu of the mortgage loan originator's surety bond requirement.

(b) The surety bond shall provide coverage for each mortgage loan originator in an amount as prescribed in subdivision 2.

(c) The surety bond must be in a form as prescribed by the commissioner.

Subd. 2. Penal sum of surety bond. The penal sum of the surety bond must be maintained in an amount that reflects the dollar amount of loans originated as determined by the commissioner.

Subd. 3. Action on bond. When an action is commenced on a licensee's bond the commissioner may require the filing of a new bond.

Subd. 4. New bond. Immediately upon recovery upon any action on the bond the licensee shall file a new bond.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 21. **[58A.14] CONFIDENTIALITY.**

Subdivision 1. Protections. Except as otherwise provided in Public Law 110-289, section 1512, the requirements under chapter 13 or any federal law regarding the privacy or confidentiality of any information or material provided to the Nationwide Mortgage Licensing System and Registry, and any privilege arising under federal or state law,

including the rules of any federal or state court, with respect to the information or material, continue to apply to the information or material after the information or material has been disclosed to the Nationwide Mortgage Licensing System and Registry. The information and material may be shared with all state and federal regulatory officials with mortgage industry oversight authority without the loss of privilege or the loss of confidentiality protections provided by chapter 13 or federal law.

Subd. 2. **Agreements and sharing arrangements.** For purposes of this section, the commissioner is authorized to enter agreements or sharing arrangements with other governmental agencies, the Conference of State Bank Supervisors, the American Association of Residential Mortgage Regulators, or other associations representing governmental agencies as established by rule or order of the commissioner.

Subd. 3. **Nonapplicability of certain requirements.** Information or material that is subject to a privilege or confidentiality under subdivision 1 is not subject to:

(1) disclosure under any federal or state law governing the disclosure to the public of information held by an officer or an agency of the federal government or the respective state; or

(2) subpoena or discovery, or admission into evidence, in any private civil action or administrative process, unless with respect to any privilege held by the Nationwide Mortgage Licensing System and Registry with respect to the information or material, the person to whom the information or material pertains waives, in whole or in part, in the discretion of the person, that privilege.

Subd. 4. **Coordination with Minnesota Government Data Practices Act.** Chapter 13 relating to the disclosure of confidential supervisory information or any information or material described in subdivision 1 that is inconsistent with subdivision 1 is superseded by the requirements of this section.

Subd. 5. **Public access to information.** This section does not apply with respect to the information or material relating to the employment history of, and publicly adjudicated disciplinary and enforcement actions against, mortgage loan originators that are included in the Nationwide Mortgage Licensing System and Registry for access by the public.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

**Sec. 22. [58A.15] INVESTIGATION AND EXAMINATION AUTHORITY.**

Subdivision 1. **Generally.** In addition to any authority allowed under this chapter, the commissioner may conduct investigations and examinations according to subdivisions 2 to 9.

Subd. 2. **Authority to access information.** For purposes of initial licensing, license renewal, license suspension, license conditioning, license revocation or termination, or general or specific inquiry or investigation to determine compliance with this chapter, the commissioner may access, receive, and use any books, accounts, records, files, documents, information, or evidence including but not limited to:

(1) criminal, civil, and administrative history information, including nonconviction data;

(2) personal history and experience information including independent credit reports obtained from a consumer reporting agency described in United States Code, title 15, section 1681a(p); and

(3) any other documents, information, or evidence the commissioner considers relevant to the inquiry or investigation regardless of the location, possession, control, or custody of the documents, information, or evidence.

Subd. 3. **Investigation, examination, and subpoena authority.** For the purposes of investigating violations or complaints arising under this chapter, or for the purposes of examination, the commissioner may review, investigate, or examine a licensee, individual, or person subject to this chapter, as often as necessary in order to carry out the purposes of this chapter. The commissioner may direct, subpoena, or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any such examination or investigation, and may direct, subpoena, or order such person to produce books, accounts, records, files, and any other documents the commissioner considers relevant to the inquiry.

Subd. 4. **Availability of books and records.** A licensee, individual, or person subject to this chapter shall make available to the commissioner upon request the books and records relating to the operations of the licensee, individual, or person subject to this chapter. The commissioner shall have access to the books and records and interview the officers, principals, mortgage loan originators, employees, independent contractors, agents, and customers of the licensee, individual, or person subject to this chapter concerning the licensee's, individual's, or person's business.

Subd. 5. **Reports and other information as directed.** A licensee, individual, or person subject to this chapter shall make or compile reports or prepare other information as directed by the commissioner in order to carry out the purposes of this section including but not limited to:

(1) accounting compilations;

(2) information lists and data concerning loan transactions in a format prescribed by the commissioner; or

108.1           (3) other information the commissioner considers necessary to carry out the  
108.2 purposes of this section.

108.3           Subd. 6. **Control access to records.** In making an examination or investigation  
108.4 authorized by this chapter, the commissioner may control access to documents and records  
108.5 of the licensee or person under examination or investigation. The commissioner may  
108.6 take possession of the documents and records or place a person in exclusive charge of  
108.7 the documents and records in the place where they are usually kept. During the period of  
108.8 control, no individual or person shall remove or attempt to remove any of the documents  
108.9 and records except pursuant to a court order or with the consent of the commissioner.  
108.10 Unless the commissioner has reasonable grounds to believe the documents or records  
108.11 of the licensee have been, or are at risk of being, altered or destroyed for purposes of  
108.12 concealing a violation of this chapter, the licensee or owner of the documents and records  
108.13 has access to the documents or records as necessary to conduct its ordinary business affairs.

108.14           Subd. 7. **Additional authority.** In order to carry out the purposes of this section,  
108.15 the commissioner may:

108.16           (1) retain attorneys, accountants, or other professionals and specialists as examiners,  
108.17 auditors, or investigators to conduct or assist in the conduct of examinations or  
108.18 investigations;

108.19           (2) enter into agreements or relationships with other government officials or  
108.20 regulatory associations in order to improve efficiencies and reduce regulatory burden  
108.21 by sharing resources, standardized or uniform methods or procedures, and documents,  
108.22 records, information, or evidence obtained under this section;

108.23           (3) use, hire, contract, or employ public or privately available analytical systems,  
108.24 methods, or software to examine or investigate the licensee, individual, or person subject  
108.25 to this chapter;

108.26           (4) accept and rely on examination or investigation reports made by other  
108.27 government officials, within or without this state; or

108.28           (5) accept audit reports made by an independent certified public accountant for the  
108.29 licensee, individual, or person subject to this chapter in the course of that part of the  
108.30 examination covering the same general subject matter as the audit and incorporate the  
108.31 audit report in the report of the examination, report of investigation or other writing of  
108.32 the commissioner.

108.33           Subd. 8. **Effect of authority.** The authority of this section remains in effect,  
108.34 whether a licensee, individual, or person subject to this chapter acts or claims to act under  
108.35 any licensing or registration law of this state, or claims to act without such authority.

109.1        Subd. 9. **Withhold records.** A licensee, individual, or person subject to  
109.2        investigation or examination under this section shall not knowingly withhold, abstract,  
109.3        remove, mutilate, destroy, or secrete any books, records, computer records, or other  
109.4        information.

109.5        **EFFECTIVE DATE.** This section is effective July 31, 2010.

109.6        Sec. 23. **[58A.16] PROHIBITED ACTS AND PRACTICES.**

109.7        Subdivision 1. **Generally.** It is a violation of this chapter for a person or individual  
109.8        subject to this chapter to:

109.9        (1) directly or indirectly employ any scheme, device, or artifice to defraud or mislead  
109.10       borrowers or lenders or to defraud any person;

109.11       (2) engage in any unfair or deceptive practice toward any person;

109.12       (3) obtain property by fraud or misrepresentation;

109.13       (4) solicit or enter into a contract with a borrower that provides in substance that the  
109.14       person or individual subject to this chapter may earn a fee or commission through "best  
109.15       efforts" to obtain a loan even though no loan is actually obtained for the borrower;

109.16       (5) solicit, advertise, or enter into a contract for specific interest rates, points, or  
109.17       other financing terms unless the terms are actually available at the time of soliciting,  
109.18       advertising, or contracting;

109.19       (6) conduct any business covered by this chapter without holding a valid license as  
109.20       required under this chapter, or assist or aide and abet any person in the conduct of business  
109.21       under this chapter without a valid license as required under this chapter;

109.22       (7) fail to make disclosures as required by this chapter and any other applicable  
109.23       state or federal law or regulations;

109.24       (8) fail to comply with this chapter or rules adopted under this chapter or fail  
109.25       to comply with any other state or federal law or regulations applicable to any business  
109.26       authorized or conducted under this chapter;

109.27       (9) make, in any manner, any false or deceptive statement or representation  
109.28       including, with regard to the rates, points, or other financing terms or conditions for a  
109.29       residential mortgage loan; or engage in bait-and-switch advertising;

109.30       (10) negligently make a false statement or knowingly and willfully make an omission  
109.31       of material fact in connection with any information or reports filed with a governmental  
109.32       agency or the Nationwide Mortgage Licensing System and Registry or in connection with  
109.33       an investigation conducted by the commissioner or another governmental agency;

109.34       (11) make a payment, threat, or promise, directly or indirectly, to a person for the  
109.35       purposes of influencing the independent judgment of the person in connection with a

residential mortgage loan, or make a payment threat or promise, directly or indirectly, to an appraiser of a property, for the purposes of influencing the independent judgment of the appraiser with respect to the value of the property;

(12) collect, charge, attempt to collect or charge, or use or propose an agreement purporting to collect or charge a fee prohibited by this chapter;

(13) cause or require a borrower to obtain property insurance coverage in an amount that exceeds the replacement cost of the improvements as established by the property insurer; or

(14) fail to truthfully account for money belonging to a party to a residential mortgage loan transaction.

**Subd. 2. Loan processor or underwriter activities.** An individual engaging solely in loan processor or underwriter activities shall not represent to the public, through advertising or other means of communicating or providing information, including the use of business cards, stationery, brochures, signs, rate lists, or other promotional items, that the individual can or will perform any of the activities of a mortgage loan originator.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 24. **[58A.17] MORTGAGE CALL REPORTS.**

A mortgage licensee shall submit to the Nationwide Mortgage Licensing System and Registry reports of condition, which must be in the form and contain the information the Nationwide Mortgage Licensing System and Registry requires.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 25. **[58A.18] REPORT TO NATIONWIDE MORTGAGE LICENSING SYSTEM AND REGISTRY.**

The commissioner shall regularly report violations of this chapter, as well as enforcement actions and other relevant information, to the Nationwide Mortgage Licensing System and Registry subject to the provisions contained in section 58A.14.

**EFFECTIVE DATE.** This section is effective July 31, 2010.

Sec. 26. **[58A.20] UNIQUE IDENTIFIER SHOWN.**

The unique identifier of any person originating a residential mortgage loan shall be clearly shown on all residential mortgage loan application forms, solicitations, or advertisements, including business cards or Web sites, and any other documents as established by rule or order of the commissioner.

111.1 **EFFECTIVE DATE.** This section is effective July 31, 2010.

111.2 Sec. 27. Minnesota Statutes 2008, section 60K.36, subdivision 2, is amended to read:

111.3 Subd. 2. **Examination not required.** A resident individual applying for a limited  
111.4 lines credit insurance, title insurance, travel baggage insurance, ~~mobile telephone~~  
111.5 ~~insurance~~, or bail bonds license is not required to take a written examination.

111.6 Sec. 28. Minnesota Statutes 2008, section 60K.38, subdivision 1, is amended to read:

111.7 Subdivision 1. **Issuance.** (a) Unless denied a license under section 60K.43, a person  
111.8 who has met the requirements of sections 60K.36 and 60K.37 must be issued an insurance  
111.9 producer license. An insurance producer may receive qualification for a license in one or  
111.10 more of the lines of authority in paragraphs (b) and (c).

111.11 (b) An individual insurance producer may receive qualification for a license in  
111.12 one or more of the following major lines:

111.13 (1) life insurance: coverage on human lives including benefits of endowment and  
111.14 annuities, and may include benefits in the event of death or dismemberment by accident  
111.15 and benefits for disability income;

111.16 (2) accident and health or sickness insurance: coverage for sickness, bodily injury,  
111.17 or accidental death, and may include benefits for disability income;

111.18 (3) property insurance: coverage for the direct or consequential loss or damage to  
111.19 property of every kind;

111.20 (4) casualty insurance: coverage against legal liability, including that for death,  
111.21 injury, or disability, or damage to real or personal property;

111.22 (5) variable life and variable annuity products insurance: coverage provided under  
111.23 variable life insurance contracts and variable annuities; and

111.24 (6) personal lines: property and casualty insurance coverage sold to individuals and  
111.25 families for primarily noncommercial purposes.

111.26 (c) An individual insurance producer may receive qualification for a license in  
111.27 one or more of the following limited lines:

111.28 (1) limited line credit insurance;

111.29 (2) farm property and liability insurance;

111.30 (3) title insurance;

111.31 (4) travel baggage insurance; and

111.32 ~~(5) mobile telephone insurance; and~~

111.33 ~~(6)~~ (5) bail bonds.

Sec. 29. **[60K.381] SALE OF PORTABLE ELECTRONICS INSURANCE.**

**Subdivision 1. Definitions.** For purposes of this section, the following terms have the following meanings:

(a) "Customer" means a person who purchases portable electronics or services.

(b) "Covered customer" means a customer who elects coverage under a portable electronics insurance policy issued to a vendor of portable electronics.

(c) "Portable electronics" means electronic devices that are portable in nature, their accessories, and services related to the use of the device.

(d)(1) "Portable electronics insurance" means insurance providing coverage for the repair or replacement of portable electronics, which may cover portable electronics against any one or more of the following causes of loss: loss, theft, mechanical failure, malfunction, damage, or other applicable perils.

(2) "Portable electronics insurance" does not include:

(i) a service contract governed by chapter 59B;

(ii) a policy of insurance covering a seller's or a manufacturer's obligations under a warranty; or

(iii) a homeowner's, renter's, private passenger automobile, commercial multiperil, or similar policy that covers loss or theft of portable electronics.

(e) "Portable electronics transaction" means:

(1) the sale or lease of portable electronics by a vendor to a customer; or

(2) the sale of a service related to the use of portable electronics by a vendor to a customer.

(f) "Supervising agency" means a business entity that is a licensed insurance producer.

(g) "Vendor" means a business entity in the business of engaging in portable electronics transactions, directly or indirectly.

**Subd. 2. Licensure of vendors.** (a) A vendor is required to hold a limited lines license issued under this section to sell or offer coverage under a policy of portable electronics insurance in connection with, and incidental to, a portable electronics transaction with a customer.

(b) A limited lines license issued under this section shall authorize any employee or authorized representative of the vendor to sell or offer coverage under a policy of portable electronics insurance to a customer in connection with, and incidental to, a portable electronics transaction at each location at which the vendor engages in portable electronics transactions. The application for such a limited lines license shall set forth each location at which the vendor offers coverage under a policy of portable electronics insurance. The



113.1 vendor shall notify the commissioner within 30 days of adding or eliminating such a  
113.2 location.

113.3 (c) Notwithstanding any other provision of law, a license issued pursuant to this  
113.4 section shall authorize the licensee and its employees or authorized representatives to  
113.5 engage only in those activities that are expressly permitted in this section.

113.6 Subd. 3. **Requirements for sale of portable electronics insurance.** (a) At every  
113.7 location where portable electronics insurance is offered to customers, brochures, or other  
113.8 written materials must be made available to a prospective customer which:

113.9 (1) disclose that portable electronics insurance may provide a duplication of  
113.10 coverage already provided by a customer's homeowner's insurance policy, renter's  
113.11 insurance policy, or other source of coverage;

113.12 (2) state that the enrollment by the customer in a portable electronics insurance  
113.13 program is not required in order to purchase or lease portable electronics or services;

113.14 (3) summarize the material terms of the insurance coverage, including:

113.15 (i) the identity of the insurer;

113.16 (ii) the identity of the supervising agency;

113.17 (iii) the amount of any applicable deductible and how it is to be paid;

113.18 (iv) benefits of the coverage;

113.19 (v) the terms for terminating or modifying coverage as set forth in the policy of  
113.20 portable electronics insurance; and

113.21 (vi) any material exclusions, conditions, or other limitations of coverage including  
113.22 whether portable electronics may be repaired or replaced with similar make and model  
113.23 reconditioned or nonoriginal manufacturer parts or equipment;

113.24 (4) describe the process for filing a claim, including a description of any  
113.25 requirements:

113.26 (i) to return portable electronics and the maximum fee applicable in the event the  
113.27 customer fails to comply with any equipment return requirements; and

113.28 (ii) any proof of loss requirements; and

113.29 (5) state that the customer may cancel enrollment for coverage under a portable  
113.30 electronics insurance policy at any time and any unearned premium will be refunded  
113.31 on a pro rata basis.

113.32 (b) Portable electronics insurance may be offered on a month to month or other  
113.33 periodic basis as a group or master commercial inland marine policy issued to a vendor of  
113.34 portable electronics under which individual customers may elect to enroll for coverage.

113.35 (c) Notwithstanding any other provision of Minnesota law regarding the termination  
113.36 or modification of coverage under a policy of insurance, the terms for the termination

or modification of coverage under a policy of portable electronics insurance issued in compliance with this chapter shall be as set forth in the policy.

(d) Eligibility and underwriting standards for customers electing to enroll in coverage shall be established for each portable electronics insurance program.

Subd. 4. **Authority of vendors of portable electronics.** (a) The employees and authorized representatives of vendors may sell or offer portable electronics insurance to customers and shall not be subject to licensure as an insurance producer under this chapter provided that:

(1) the vendor obtains a limited lines license to authorize its employees or authorized representatives to sell or offer portable electronics insurance pursuant to this section;

(2) the insurer issuing the portable electronics insurance appoints a supervising agency to supervise the administration of the program including development of a training program for employees and authorized representatives of the vendors. The training required by this subdivision shall comply with the following:

(i) the training shall be delivered to all employees and authorized representatives of the vendors who sell or offer portable electronics insurance;

(ii) the training may be provided in electronic form. However, if conducted in an electronic form, the supervising agency shall implement a program of in-person training conducted by licensed employees of the supervising agency to supplement the electronic training; and

(iii) each employee and authorized representative shall receive basic instruction about the portable electronics insurance offered to customers and the disclosures required under subdivision 3; and

(3) no employee or authorized representative of a vendor of portable electronics shall advertise, represent, or otherwise hold himself or herself out as a nonlimited lines licensed insurance producer.

(b) The charges for insurance coverage may be billed and collected by the vendor of portable electronics. If billed and collected by the vendor, the charges shall be separately itemized from the charges for the purchase or lease of portable electronics or services. Vendors billing and collecting such charges shall not be required to maintain such funds in a segregated account provided that the vendor is authorized by the insurer to hold such funds in an alternative manner and remits such amounts to the supervising agency within 60 days of receipt. All funds received by a vendor from a customer for the sale of portable electronics insurance shall be considered funds held by the vendor in a fiduciary capacity for the benefit of the insurer. Vendors may receive compensation for billing and collection services.

Sec. 30. Minnesota Statutes 2009 Supplement, section 60K.55, subdivision 2, is amended to read:

Subd. 2. **Licensing fees.** (a) In addition to fees provided for examinations and the technology surcharge required under paragraph (d), each insurance producer licensed under this chapter shall pay to the commissioner a fee of:

(1) \$50 for an initial life, accident and health, property, or casualty license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(2) \$50 for an initial variable life and variable annuity license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(3) \$50 for an initial personal lines license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(4) \$50 for an initial limited lines license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(5) \$200 for an initial license issued to a business entity, and a fee of \$200 for each renewal; ~~and~~

(6) \$500 for an initial surplus lines license, and a fee of \$500 for each renewal; and

(7) \$5,000 for an initial portable electronics insurance limited lines license under section 60K.381, and a fee of \$1,000 for each renewal.

(b) Initial licenses issued to a business entity under this chapter and section 60K.381 are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Initial licenses issued to an individual insurance producer under this chapter before August 1, 2010, are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each individual license initially issued or renewed on or after August 1, 2010, expires on the last day of the birth month of the producer in the year that will result in the term of the license being at least 12 months, but no more than 24 months. Beginning with the first license expiration on the last day of the birth month of an individual producer as set forth in this paragraph, all such licenses must after this date expire biennially on the last day of the birth month of the individual producer that is two years subsequent to the preceding expiration date. Each renewal insurance producer license is valid for a period of 24 months.

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

(d) In addition to the fees required under paragraph (a), individual insurance producers shall pay, for each initial license and renewal, a technology surcharge of up to \$40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

Sec. 31. Minnesota Statutes 2009 Supplement, section 82B.05, subdivision 1, is amended to read:

Subdivision 1. **Members.** The Real Estate Appraiser Advisory Board consists of ~~15~~ nine members appointed by the commissioner of commerce. ~~Three of the Two~~ members must be public members ~~must be public members, four, one member must be consumers~~ a consumer of appraisal services, ~~and eight three~~ must be real estate appraisers ~~of whom not less than two members must be trainee real property appraisers, licensed real property appraisers, or certified residential real property appraisers, not less than two members and three~~ must be certified general real property appraisers, and not less than one member of those members must be certified by the Appraisal Qualification Board of the Appraisal Foundation to teach the Uniform Standards of Professional Appraisal Practice. Three members must live or work outside of the seven-county metropolitan area. The board is governed by section 15.0575.

**EFFECTIVE DATE.** This section is effective August 1, 2010.

Sec. 32. Minnesota Statutes 2008, section 82B.05, subdivision 5, is amended to read:

Subd. 5. **Conduct of meetings.** Places of regular board meetings must be decided by the vote of members. Written notice must be given to each member of the time and place of each meeting of the board at least ten days before the scheduled date of regular board meetings. The board shall establish procedures for emergency board meetings and other operational procedures, subject to the approval of the commissioner.

The members of the board shall elect a chair from among the members to preside at board meetings.

A quorum of the board is ~~eight~~ five members.

The board shall meet at least once every six months as determined by a majority vote of the members or a call of the commissioner. The chair of the board may call a meeting at any other time, subject to the notice requirements of this section.

**EFFECTIVE DATE.** This section is effective August 1, 2010.

Sec. 33. Minnesota Statutes 2008, section 82B.05, is amended by adding a subdivision to read:

Subd. 7. **Enforcement reports.** The commissioner shall, on a regular basis, provide the board with the commissioner's enforcement reports.

**EFFECTIVE DATE.** This section is effective August 1, 2010.

117.1 Sec. 34. Minnesota Statutes 2008, section 82B.06, is amended to read:

117.2 **82B.06 POWERS OF THE BOARD.**

117.3 The board shall make recommendations to the commissioner as the commissioner  
117.4 requests or at the board's own initiative on:

117.5 (1) rules with respect to each category of licensed real estate appraiser, the type of  
117.6 educational experience, appraisal experience, and equivalent experience that will meet  
117.7 the requirements of this chapter;

117.8 (2) examination specifications for each category of licensed real estate appraiser,  
117.9 to assist in providing or obtaining appropriate examination questions and answers, and  
117.10 procedures for grading examinations;

117.11 (3) rules with respect to each category of licensed real estate appraiser, the  
117.12 continuing education requirements for the renewal of licensing that will meet the  
117.13 requirements provided in this chapter;

117.14 (4) periodic review of the standards for the development and communication of  
117.15 real estate appraisals provided in this chapter and rules explaining and interpreting the  
117.16 standards; ~~and~~

117.17 (5) development of standards and procedures for processing the determination of  
117.18 appraiser violations of this chapter and USPAP; and

117.19 (6) other matters necessary in carrying out the provisions of this chapter.

117.20 **EFFECTIVE DATE.** This section is effective August 1, 2010.

117.21 Sec. 35. **[82C.01] TITLE.**

117.22 This chapter shall be known as the Minnesota Appraisal Management Company  
117.23 Licensing and Regulation Act.

117.24 Sec. 36. **[82C.02] DEFINITIONS.**

117.25 Subdivision 1. **Terms.** As used in this chapter, the terms in this section have the  
117.26 meanings given them.

117.27 Subd. 2. **Appraisal.** In conformance with the Uniform Standards of Professional  
117.28 Appraisal Practice (USPAP), "appraisal" is defined as: (noun) the act or process of  
117.29 developing an opinion of value; an opinion of value; (adjective) of or pertaining to  
117.30 appraising and related functions such as appraisal practice or appraisal services. For  
117.31 purposes of this chapter, all appraisals or assignments that are referred to involve one to  
117.32 four unit single-family properties.

Subd. 3. **Appraisal assignment.** "Appraisal assignment" means an engagement for which an appraiser is employed or retained to act, as a disinterested third party in giving an unbiased analysis, opinion, or conclusion relating to the nature, quality, value, or utility of named interests in, or aspects of, identified real estate.

Subd. 4. **Appraisal management company.** "Appraisal management company" means a corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity that directly or indirectly performs the following appraisal management services:

(1) administers networks of independent contractors and/or employee appraisers to perform residential real estate appraisal assignments for clients;

(2) receives requests for residential real estate appraisal services from clients and, for a fee paid by the client, enters into an agreement with one or more independent appraisers to perform the real estate appraisal services contained in the request; or

(3) serves as a third-party broker of appraisal management services between clients and appraisers.

Subd. 5. **Appraisal management services.** "Appraisal management services" means the process of directly or indirectly performing any of the following functions on behalf of a lender, financial institution, client, or any other person to:

(1) administer an appraiser panel;

(2) recruit, qualify, verify licensing or certification, and negotiate fees and service level expectations with persons who are part of an appraiser panel;

(3) receive an order for an appraisal from one person, and deliver the order for the appraisal to an appraiser that is part of an appraiser panel for completion;

(4) track and determine the status of orders for appraisals;

(5) conduct quality control of a completed appraisal prior to the delivery of the appraisal to the person that ordered the appraisal; or

(6) provide a completed appraisal performed by an appraiser to one or more clients.

Subd. 6. **Appraiser.** "Appraiser" means a person who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective, and who is licensed under chapter 82B.

Subd. 7. **Appraiser panel.** "Appraiser panel" means a network of licensed or certified appraisers who are independent contractors to the appraisal management company that have:

(1) responded to an invitation, request, or solicitation from an appraisal management company, in any form, to perform appraisals for persons that have ordered appraisals through the appraisal management company, or to perform appraisals for the appraisal

119.1 management company directly, on a periodic basis, as requested and assigned by the  
119.2 appraisal management company; and

119.3 (2) been selected and approved by an appraisal management company to perform  
119.4 appraisals for any client of the appraisal management company that has ordered an  
119.5 appraisal through the appraisal management company, or to perform appraisals for the  
119.6 appraisal management company directly, on a periodic basis, as assigned by the appraisal  
119.7 management company.

119.8 Subd. 8. **Appraisal review.** "Appraisal review" means the act of developing  
119.9 and communicating an opinion about the quality of another appraiser's work that was  
119.10 performed as part of an appraisal assignment, except that an examination of an appraisal  
119.11 for grammatical, typographical, or other similar errors that do not make a substantive  
119.12 valuation change shall not be an appraisal review.

119.13 Subd. 9. **Client.** "Client" means any person or entity that contracts with, or  
119.14 otherwise enters into an agreement with, an appraisal management company for the  
119.15 performance of real estate appraisal services or appraisal management services. For  
119.16 purposes of this chapter, the appraisal management company is the party engaging the  
119.17 independent appraiser and can be the appraiser's client. However, this does not preclude  
119.18 an appraisal management company from acting as a duly authorized agent for a lender.

119.19 Subd. 10. **Commissioner.** "Commissioner" means the commissioner of commerce.

119.20 Subd. 11. **Controlling person.** "Controlling person" means:

119.21 (1) any owner, officer, or director of an appraisal management company seeking to  
119.22 offer appraisal management services in this state;

119.23 (2) an individual employed, appointed, or authorized by an appraisal management  
119.24 company that has the authority to enter into a contractual relationship with other persons  
119.25 for the performance of appraisal management services and has the authority to enter into  
119.26 agreements with appraisers for the performance of appraisals;

119.27 (3) an individual who possesses, directly or indirectly, the power to direct or cause  
119.28 the direction of the management or policies of an appraisal management company; or

119.29 (4) an individual who enters into:

119.30 (i) contractual relationships with clients for the performance of appraisal  
119.31 management services; and

119.32 (ii) agreements with employed and independent appraisers for the performance  
119.33 of real estate appraisal services.

119.34 Subd. 12. **Employee.** "Employee" means an individual who is treated as an  
119.35 employee for purposes of compliance with federal income tax laws.

Subd. 13. **Person.** "Person" means a natural person, firm, partnership, limited liability partnership, corporation, association, limited liability company, or other form of business organization and the officers, directors, employees, or agents of that person.

Subd. 14. **USPAP.** "USPAP" means the Uniform Standards of Professional Appraisal Practice as established by the Appraisal Foundation. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP.

Sec. 37. **[82C.03] LICENSING.**

Subdivision 1. **Requirement.** It is unlawful for a person, corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity to directly or indirectly engage or attempt to engage in business as an appraisal management company, to directly or indirectly engage or attempt to perform appraisal management services, or to advertise or hold itself out as engaging in or conducting business as an appraisal management company without first obtaining a license issued by the commissioner under the provisions of this chapter.

Subd. 2. **Owner requirements.** (a) An appraisal management company applying to the commissioner for a license in this state may not be more than ten percent owned by any person that is currently subject to any cease and desist order or injunctive order that would preclude involvement with an appraisal management company, or that has ever:

(1) voluntarily surrendered in lieu of disciplinary action an appraiser certification, registration, or license or an appraisal management company license;

(2) been the subject of a final order revoking or denying an appraiser certification, registration, or license or an appraisal management company license; or

(3) a final order barring involvement in any industry or profession issued by this or another state or federal regulatory agency.

(b) A person that owns more than ten percent of an appraisal management company in this state shall:

(1) be of good moral character, as determined by the commissioner;

(2) submit to a background investigation, as determined by the commissioner; and

(3) certify to the commissioner that the person has never been the subject of an order of certificate, registration or license suspension, revocation, or denial; cease and desist order; injunctive order; or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency.

Subd. 3. **Designated controlling person requirements.** (a) **Designation.** Each appraisal management company applying to the commissioner for a license in this state



shall designate a controlling person that will be the main contact for all communication between the commissioner and the appraisal management company.

**(b) Requirements.** In order to serve as a designated controlling person of an appraisal management company, a person must:

(1) certify to the commissioner that the person is not currently subject to any cease and desist order or injunctive order that would preclude involvement with an appraisal management company, and has never been the subject of an order suspending, revoking, or denying a certification, registration, or license for real estate services, or a final order barring involvement in any industry or profession issued by this or another state or federal regulatory agency;

(2) be of good moral character, as determined by the commissioner; and

(3) submit to a background investigation, as determined by the commissioner.

**Subd. 4. Application for license.** Application for an appraisal management company license must be submitted on a form prescribed by the commissioner.

**Subd. 5. Minimum information.** The application must, at a minimum, include the following information:

(1) the name of the entity seeking registration;

(2) the business address or addresses of the entity seeking registration;

(3) telephone contact and e-mail information of the entity seeking registration;

(4) if the entity is not a corporation that is domiciled in this state, the name and contact information for the company's agent for service of process in this state;

(5) the name, address, and contact information for an individual or corporation, partnership, limited liability company, association, or other business entity that owns ten percent or more of the appraisal management company;

(6) the name, address, and contact information for a controlling person or persons;

(7) a certification that the entity has a system and process in place to verify that a person being added to the employment or appraiser panel of the appraisal management company for appraisal services within this state holds an active appraisal license in this state pursuant to chapter 82B if a license is required to perform appraisals;

(8) a certification that the entity has a system in place to review the work of all employed and independent appraisers that are performing real estate appraisal services for the appraisal management company on a periodic basis to verify that the real estate appraisal assignments are being conducted in accordance with USPAP and chapter 82B;

(9) a certification that the entity maintains a detailed record of each service request that it receives and the independent appraiser that performs the real estate appraisal services for the appraisal management company, pursuant to section 82C.13;

122.1        (10) a certification that the employees of the appraisal management company will be  
122.2 appropriately trained and familiar with the appraisal process;

122.3        (11) a certification that the appraisal management company has a system and  
122.4 process in place to verify that a person being added to the appraiser panel of the appraisal  
122.5 management company holds a license in good standing in this state pursuant to chapter  
122.6 82B; and

122.7        (12) an irrevocable Uniform Consent to Service of Process, pursuant to section  
122.8 82C.07.

122.9        Subd. 6. **Effective date of license.** Initial licenses issued under this chapter are  
122.10 effective upon issuance and remain valid, subject to denial, suspension, or revocation  
122.11 under this chapter, until the following August 31.

122.12        Sec. 38. **[82C.04] TERM OF LICENSE.**

122.13        Initial licenses issued under this chapter are valid for a period not to exceed two  
122.14 years. Each initial license must expire on August 31 of the expiration year assigned by  
122.15 the commissioner.

122.16        Sec. 39. **[82C.045] FEE DISCLOSURE.**

122.17        (a) An appraisal management company shall separately state to the client the  
122.18 fees paid to an appraiser for appraisal services and the fees charged by the appraisal  
122.19 management company for services associated with the management of the appraisal  
122.20 process, including procurement of the appraiser's services.

122.21        (b) Appraisers shall not be prohibited by the appraisal management company, client,  
122.22 or other third party from disclosing the fee paid to the appraiser for the performance of the  
122.23 appraisal in the appraisal report.

122.24        Sec. 40. **[82C.05] LICENSE RENEWAL.**

122.25        Subdivision 1. **Term.** Licenses renewed under this chapter are valid for a period  
122.26 of 24 months.

122.27        Subd. 2. **Timely renewal.** (a) Application for timely renewal of a license is  
122.28 considered timely filed if received by the commissioner before the date of the license  
122.29 expiration.

122.30        (b) An application for renewal is considered properly filed if made upon a form  
122.31 prescribed by the commissioner, accompanied by fees prescribed by this chapter, and  
122.32 containing any information the commissioner requires.

123.1        (c) A licensee failing to make timely application for renewal of the license is  
123.2 unlicensed until the renewal license has been issued by the commissioner and is received  
123.3 by the licensee.

123.4        Subd. 3. **Contents of renewal application.** Application for the renewal of an  
123.5 existing license must contain the information specified in section 82C.03. However, only  
123.6 the requested information having changed from the most recent prior application need  
123.7 be submitted.

123.8        Subd. 4. **Cancellation.** A licensee ceasing an activity or activities regulated by this  
123.9 chapter and desiring to no longer be licensed shall so inform the commissioner in writing  
123.10 and, at the same time, surrender the license and all other symbols or indicia of licensure.

123.11        Sec. 41. **[82C.06] EXEMPTIONS.**

123.12        This chapter does not apply to:

123.13        (1) a person that exclusively employs appraisers on an employer and employee  
123.14 basis for the performance of appraisals, and:

123.15        (i) the employer is responsible for ensuring that the appraisals are performed by  
123.16 employees in accordance with USPAP; and

123.17        (ii) the employer accepts all liability associated with the performance of the  
123.18 appraisal by the employee;

123.19        (2) a department or unit within a financial institution that is subject to direct  
123.20 regulation by an agency of the United States government, or to regulation by an agency of  
123.21 this state, that receives a request for the performance of an appraisal from one employee of  
123.22 the financial institution, and another employee of the same financial institution assigns the  
123.23 request for the appraisal to an appraiser that is an independent contractor to the institution,  
123.24 except that an appraisal management company that is a wholly owned subsidiary of  
123.25 a financial institution shall not be considered a department or unit within a financial  
123.26 institution to which the provisions of this chapter do not apply;

123.27        (3) a person that enters into an agreement, whether written or otherwise, with an  
123.28 appraiser for the performance of an appraisal, and upon the completion of the appraisal,  
123.29 the report of the appraiser performing the appraisal is signed by both the appraiser who  
123.30 completed the appraisal and the appraiser who requested the completion of the appraisal,  
123.31 except that an appraisal management company may not avoid the requirements of this  
123.32 chapter by requiring that an employee of the appraisal management company that is an  
123.33 appraiser to sign an appraisal that is completed by an appraiser that is part of the appraisal  
123.34 panel of the appraisal management company; or

124.1        (4) any governmental agency performing appraisals on behalf of that level of  
124.2 government or any agency performing ad valorem tax appraisals for county assessors.

124.3        Sec. 42. **[82C.07] CONSENT TO SERVICE OF PROCESS.**

124.4        Each entity applying for a license as an appraisal management company in this state  
124.5 shall complete an irrevocable Uniform Consent to Service of Process as prescribed by  
124.6 the commissioner.

124.7        Sec. 43. **[82C.08] LICENSING FEES.**

124.8        Subdivision 1. **Establishment and retention.** The fees shall be retained by the  
124.9 commissioner for the sole purpose of administering this licensing and regulation program.

124.10       Subd. 2. **Amounts.** (a) Each application for initial licensure shall be accompanied  
124.11 by a fee of \$1,500.

124.12       (b) Each application for renewal of the license must be received prior to the two-year  
124.13 expiration period with the renewal fee of \$1,000.

124.14       Subd. 3. **Forfeiture.** All fees are nonrefundable except that an overpayment of a fee  
124.15 must be refunded upon proper application.

124.16       Sec. 44. **[82C.09] INVESTIGATIONS AND SUBPOENAS.**

124.17       The commissioner has under this chapter the same powers with respect to section  
124.18 45.027, including the authority to impose a civil penalty not to exceed \$10,000 per  
124.19 violation.

124.20       Sec. 45. **[82C.10] EMPLOYEE REQUIREMENTS.**

124.21       An employee of the appraisal management company that has the responsibility to  
124.22 review the work of employed and independent appraisers where the subject properties are  
124.23 located within this state, which include the reviewer's opinion of value or concurrence  
124.24 with the original appraiser's value, must be licensed according to chapter 82B and perform  
124.25 the review assignments in compliance with USPAP and chapter 82B. This requirement  
124.26 does not apply to employees who review appraisals for completeness and compliance in  
124.27 connection with an appraisal management company's internal quality control processes,  
124.28 but who do not perform appraisal reviews that are subject to Standard 3 of USPAP.

124.29       Sec. 46. **[82C.11] LIMITATIONS.**

124.30       An appraisal management company licensed in this state pursuant to this chapter  
124.31 may enter into contracts or agreements for appraisal assignments in this state only with

125.1 an employee or independent appraiser holding an active Minnesota real estate appraiser  
125.2 license pursuant to chapter 82B.

125.3 Sec. 47. **[82C.12] ADHERENCE TO STANDARDS.**

125.4 An appraisal management company must have a system in place to review the  
125.5 work of all employed and independent appraisers that are performing real estate appraisal  
125.6 assignments for the appraisal management company on a periodic basis to verify that  
125.7 the real estate appraisal services are being conducted in accordance with USPAP and  
125.8 chapter 82B. An appraisal management company is required to make referrals directly to  
125.9 state appraiser regulatory authorities when a state licensed or certified appraiser violates  
125.10 USPAP, applicable state law, or engages in other unethical or unprofessional conduct.

125.11 Sec. 48. **[82C.13] RECORD KEEPING.**

125.12 An appraisal management company must maintain a detailed record of each service  
125.13 request that it receives and the employee appraiser or independent appraiser that performs  
125.14 the appraisal assignment for the appraisal management company.

125.15 Records must be kept for a period of at least five years after the appraisal assignment  
125.16 request is sent to the independent appraiser or completion of the appraisal report,  
125.17 whichever period expires later.

125.18 Sec. 49. **[82C.14] APPRAISER INDEPENDENCE; PROHIBITIONS.**

125.19 (a) It is unlawful for any employee, director, officer, or agent of an appraisal  
125.20 management company licensed in this state pursuant to this chapter to influence or attempt  
125.21 to influence the development, reporting, or review of an appraisal through coercion,  
125.22 extortion, collusion, compensation, inducement, intimidation, or bribery, including but  
125.23 not limited to:

125.24 (1) withholding or threatening to withhold timely payment for an appraisal;

125.25 (2) withholding or threatening to withhold future business or assignments for an  
125.26 employed or independent appraiser, or demoting or terminating or threatening to demote  
125.27 or terminate an employed or independent appraiser;

125.28 (3) expressly or impliedly promising future business, assignments, promotions, or  
125.29 increased compensation for an employed or independent appraiser;

125.30 (4) conditioning the request for an appraisal assignment on the payment of an  
125.31 appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached,  
125.32 or on a preliminary estimate or opinion requested from an employed or independent  
125.33 appraiser;

126.1        (5) requesting that an employed or independent appraiser provide an estimated,  
126.2 predetermined, or desired valuation in an appraisal report, or provide estimated values or  
126.3 comparable sales at any time prior to the completion of an appraisal assignment;

126.4        (6) providing to an employed or independent appraiser an anticipated, estimated,  
126.5 encouraged, or desired value for a subject property or a proposed or target amount to be  
126.6 loaned to the borrower, except that a copy of the sales contract for purchase transactions  
126.7 may be provided;

126.8        (7) providing to an employed or independent appraiser, or any entity or person  
126.9 related to the appraiser, stock, or other financial or nonfinancial benefits;

126.10       (8) allowing the removal of an employed or independent appraiser from a list of  
126.11 qualified appraisers used by any entity, without prior written notice to the appraiser, which  
126.12 notice must include documented evidence of the appraiser's violation of USPAP or chapter  
126.13 82B, substandard performance, or otherwise improper or unprofessional behavior;

126.14       (9) request or require any employed or independent appraiser to provide the  
126.15 appraisal management company or any of its employees, or any of its clients, with the  
126.16 appraiser's digital signature;

126.17       (10) alter, amend, or change an appraisal report submitted by an appraiser, to include  
126.18 removing or applying a signature, adding or deleting information from the appraisal report;

126.19       (11) require the appraiser to collect the fee from a borrower, homeowner, or other  
126.20 person;

126.21       (12) require an appraiser to sign any indemnification agreement that would require  
126.22 the appraiser to defend and hold harmless the appraisal management company or any of its  
126.23 agents or employees for any liability, damage, losses, or claims arising out of the services  
126.24 performed by the appraisal management company or its agents, employees, or independent  
126.25 contractors and not the services performed by the appraiser;

126.26       (13) use an appraiser directly selected or referred by any member of a loan  
126.27 production staff for an individual assignment; or

126.28       (14) any other act or practice that impairs or attempts to impair an appraiser's  
126.29 independence, objectivity, or impartiality.

126.30       (b) Nothing in paragraph (a) prohibits the appraisal management company from  
126.31 requesting that an independent appraiser:

126.32       (1) consider additional appropriate property information;

126.33       (2) provide further detail, substantiation, or explanation for the appraiser's value  
126.34 conclusion; or

126.35       (3) correct objective factual errors in an appraisal report.

Sec. 50. **[82C.15] ADJUDICATION OF DISPUTES BETWEEN AN APPRAISAL MANAGEMENT COMPANY AND AN INDEPENDENT APPRAISER.**

Except within the first 30 days after an independent appraiser is first added to the appraiser panel of an appraisal management company, an appraisal management company may not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an independent appraiser without:

(1) notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel or is not receiving appraisal requests from the appraisal management company;

(2) if the appraiser is being removed from the panel for illegal conduct, having determined that the appraiser has violated USPAP or chapter 82B, taking into account the nature of the alleged conduct or violation; and

(3) providing an opportunity for the appraiser to respond and appeal the notification of the appraisal management company.

Sec. 51. **[82C.16] DENIAL, SUSPENSION, REVOCATION OF LICENSES.**

Subdivision 1. **Powers of commissioner.** The commissioner may by order take any or all of the following actions:

(1) bar a person from serving as an officer, director, partner, controlling person, or any similar role at an appraisal management company, if such person has ever been the subject of a final order suspending, revoking, or denying a certification, registration or license as a realtor, broker, or appraiser, or a final order barring involvement in any industry or profession issued by this or another state or federal regulatory agency;

(2) deny, suspend, or revoke an appraisal management company license;

(3) censure an appraisal management company license; and

(4) impose a civil penalty as provided for in section 45.027.

(b) In order to take the action in paragraph (a), the commissioner must find:

(1) that the order is in the public interest; and

(2) that an officer, director, partner, employee, agent, controlling person or persons, or any person occupying a similar status or performing similar functions, has:

(i) violated any provision of this chapter;

(ii) filed an application for a license that is incomplete in any material respect or contains a statement that, in light of the circumstances under which it is made, is false or misleading with respect to a material fact;

(iii) failed to maintain compliance with the affirmations made under section 80C.03, subdivision 5;

128.1        (iv) violated a standard of conduct or engaged in a fraudulent, coercive, deceptive,  
128.2 or dishonest act or practice, whether or not the act or practice involves the appraisal  
128.3 management company;

128.4        (v) engaged in an act or practice, whether or not the act or practice involves the  
128.5 business of appraisal management, appraisal assignments, or real estate mortgage related  
128.6 practices, that demonstrates untrustworthiness, financial irresponsibility, or incompetence;

128.7        (vi) pled guilty, with or without explicitly admitting guilt, pled nolo contendere,  
128.8 or been convicted of a felony, gross misdemeanor, or a misdemeanor involving moral  
128.9 turpitude;

128.10       (vii) paid a civil penalty or been the subject of disciplinary action by the  
128.11 commissioner, or an order of suspension or revocation, cease and desist order, or  
128.12 injunction order, or an order barring involvement in an industry or profession issued by  
128.13 this or any other state or federal regulatory agency or government-sponsored enterprise,  
128.14 or by the secretary of Housing and Urban Development;

128.15       (viii) been found by a court of competent jurisdiction to have engaged in conduct  
128.16 evidencing gross negligence, fraud, misrepresentation, or deceit;

128.17       (ix) refused to cooperate with an investigation or examination by the commissioner;

128.18       (x) failed to pay any fee or assessment imposed by the commissioner; or

128.19       (xi) failed to comply with state and federal tax obligations.

128.20       **Subd. 2. Orders of the commissioner.** To begin a proceeding under this section,  
128.21 the commissioner shall issue an order requiring the subject of the proceeding to show  
128.22 cause why action should not be taken against the licensee according to this section. The  
128.23 order must be calculated to give reasonable notice of the time and place for the hearing  
128.24 and must state the reasons for entry of the order. The commissioner may by order  
128.25 summarily suspend a license pending a final determination of an order to show cause. If a  
128.26 license is summarily suspended, pending final determination of an order to show cause, a  
128.27 hearing on the merits must be held within 30 days of the issuance of the order of summary  
128.28 suspension. All hearings must be conducted under chapter 14. After the hearing, the  
128.29 commissioner shall enter an order disposing of the matter as the facts require. If the  
128.30 subject of the order fails to appear at a hearing after having been duly notified of it, the  
128.31 subject is considered in default, and the proceeding may be determined against the subject  
128.32 of the order upon consideration of the order to show cause, the allegations of which may  
128.33 be considered to be true.

128.34       **Subd. 3. Actions against lapsed license.** If a license lapses, is surrendered,  
128.35 withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute  
128.36 a proceeding under this subdivision within two years after the license was last effective



129.1 and enter a revocation or suspension order as of the last date which the license was in  
129.2 effect, and may impose a civil penalty as provided for in this section or section 45.027.

129.3 Sec. 52. Minnesota Statutes 2008, section 115C.08, subdivision 1, is amended to read:

129.4 Subdivision 1. **Revenue sources.** Revenue from the following sources must be  
129.5 deposited in the state treasury and credited to a petroleum tank fund:

129.6 (1) the proceeds of the fee imposed by subdivision 3;

129.7 (2) money recovered by the state under sections 115C.04, 115C.05, and 116.491,  
129.8 including administrative expenses, civil penalties, and money paid under an agreement,  
129.9 stipulation, or settlement;

129.10 (3) interest attributable to investment of money in the fund;

129.11 (4) money received by the board and agency in the form of gifts, grants other than  
129.12 federal grants, reimbursements, or appropriations from any source intended to be used for  
129.13 the purposes of the fund;

129.14 (5) fees charged for the operation of the tank installer certification program  
129.15 established under section 116.491; ~~and~~

129.16 (6) money obtained from the return of reimbursements, civil penalties, or other  
129.17 board action under this chapter; and

129.18 (7) the proceeds from the sales of all properties acquired by the agency under  
129.19 subdivision 4.

129.20 Sec. 53. Minnesota Statutes 2009 Supplement, section 115C.08, subdivision 4, is  
129.21 amended to read:

129.22 Subd. 4. **Expenditures.** (a) Money in the fund may only be spent:

129.23 (1) to administer the petroleum tank release cleanup program established in this  
129.24 chapter;

129.25 (2) for agency administrative costs under sections 116.46 to 116.50, sections  
129.26 115C.03 to 115C.06, and costs of corrective action taken by the agency under section  
129.27 115C.03, including investigations;

129.28 (3) for costs of recovering expenses of corrective actions under section 115C.04;

129.29 (4) for training, certification, and rulemaking under sections 116.46 to 116.50;

129.30 (5) for agency administrative costs of enforcing rules governing the construction,  
129.31 installation, operation, and closure of aboveground and underground petroleum storage  
129.32 tanks;

129.33 (6) for reimbursement of the environmental response, compensation, and compliance  
129.34 account under subdivision 5 and section 115B.26, subdivision 4;

(7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter;

(8) for corrective action performance audits under section 115C.093;

(9) for contamination cleanup grants, as provided in paragraph (c); ~~and~~

(10) to assess and remove abandoned underground storage tanks under section 115C.094 and, if a release is discovered, to pay for the specific consultant and contractor services costs necessary to complete the tank removal project, including, but not limited to, excavation soil sampling, groundwater sampling, soil disposal, and completion of an excavation report; and

(11) for property acquisition by the agency when the agency has determined that purchasing a property where a release has occurred is the most appropriate corrective action. The acquisition of all properties is subject to approval by the board.

(b) Except as provided in paragraph (c), money in the fund is appropriated to the board to make reimbursements or payments under this section.

(c) \$6,200,000 is annually appropriated from the fund to the commissioner of employment and economic development for contamination cleanup grants under section 116J.554. Of this amount, the commissioner may spend up to \$225,000 annually for administration of the contamination cleanup grant program. The appropriation does not cancel and is available until expended. The appropriation shall not be withdrawn from the fund nor the fund balance reduced until the funds are requested by the commissioner of employment and economic development. The commissioner shall schedule requests for withdrawals from the fund to minimize the necessity to impose the fee authorized by subdivision 2. Unless otherwise provided, the appropriation in this paragraph may be used for:

(1) project costs at a qualifying site if a portion of the cleanup costs are attributable to petroleum contamination or new and used tar and tar-like substances, including but not limited to bitumen and asphalt, but excluding bituminous or asphalt pavement, that consist primarily of hydrocarbons and are found in natural deposits in the earth or are distillates, fractions, or residues from the processing of petroleum crude or petroleum products as defined in section 296A.01; and

(2) the costs of performing contamination investigation if there is a reasonable basis to suspect the contamination is attributable to petroleum or new and used tar and tar-like substances, including but not limited to bitumen and asphalt, but excluding bituminous or asphalt pavement, that consist primarily of hydrocarbons and are found in natural deposits in the earth or are distillates, fractions, or residues from the processing of petroleum crude or petroleum products as defined in section 296A.01.

Sec. 54. Minnesota Statutes 2008, section 238.08, subdivision 1, is amended to read:

Subdivision 1. **Requirement; conditions.** (a) A municipality shall require a franchise or extension permit of any cable communications system providing service within the municipality.

(b) No municipality shall grant an additional franchise for cable service for an area included in an existing franchise on terms and conditions more favorable or less burdensome than those in the existing franchise pertaining to: (1) the area served; (2) public, educational, or governmental access requirements; or (3) franchise fees. The provisions of this paragraph shall not apply when the area in which the additional franchise is being sought is not actually being served by any existing cable communications system holding a franchise for the area. Nothing in this paragraph prevents a municipality from imposing additional terms and conditions on any additional franchises.

(c) An area for an additional cable franchise is not more favorable or less burdensome if the franchisee is a telephone company, as defined in section 237.01, subdivision 7, and the area of the franchise is no less than the area within the municipality in which the telephone company offers local exchange telephone service. This paragraph is in addition to and not a limit to the authority of a municipality to grant an additional franchise for cable service.

**EFFECTIVE DATE.** This section is effective August 1, 2010, and does not affect any litigation pending on that date.

Sec. 55. **[325E.3891] CADMIUM IN CHILDREN'S JEWELRY.**

Subdivision 1. **Definitions.** (a) As used in this section, the term:

(1) "accessible" has the meaning given in section 3.1.2 of the ASTM International Safety Specification on Toy Safety, F-963;

(2) "child" means an individual who is six years of age or younger; and

(3) "children's jewelry" shall have the meaning set forth in section 325E.389, subdivision 1, paragraph (c).

Subd. 2. **Prohibitions.** Cadmium in any surface coating or accessible substrate material of metal or plastic components of children's jewelry shall not exceed 75 parts per million, as determined through solubility testing for heavy metals defined in the ASTM International Safety Specification on Toy Safety, ASTM standard F-963 and subsequent versions of this standard, if the product is sold in this state unless this requirement is superseded by a federal standard regulating cadmium in children's jewelry. This section shall not regulate any product category for which an existing federal standard regulates

132.1 cadmium exposure in surface coatings and accessible substrate materials as required  
132.2 under ASTM F-963.

132.3 Subd. 3. **Manufacturer or wholesaler.** No manufacturer or wholesaler may sell  
132.4 or offer for sale in this state children's jewelry that fails to meet the requirements of  
132.5 subdivision 2.

132.6 Subd. 4. **Retailer.** No retailer may sell or offer for sale in this state children's  
132.7 jewelry that fails to meet the requirements of subdivision 2. This subdivision does not  
132.8 apply to sales or free distribution of jewelry by a nonprofit organization described in  
132.9 section 501(c)(3) of the Internal Revenue Code or to isolated and occasional sales of  
132.10 jewelry not made in the normal course of business.

132.11 Subd. 5. **Enforcement.** The attorney general shall enforce this section under section  
132.12 8.31.

132.13 **EFFECTIVE DATE.** This section is effective January 1, 2011, except that  
132.14 subdivision 4 is effective March 1, 2011.

132.15 Sec. 56. **ASSESSMENT.**

132.16 The commissioner may levy a pro rata assessment on institutions licensed under  
132.17 Minnesota Statutes, chapter 58, to recover the costs to the Department of Commerce  
132.18 for administering the licensing and registration requirements of Minnesota Statutes,  
132.19 section 58A.10. The assessment amount must be determined by dividing those costs by  
132.20 the number of licensees.

132.21 The commissioner shall levy the assessments and notify each institution of the  
132.22 amount of the assessment being levied by September 30, 2010. The institution shall pay  
132.23 the assessment to the department no later than November 30, 2010. If an institution fails  
132.24 to pay its assessment by this date, its license may be suspended by the commissioner  
132.25 until it is paid in full.

132.26 This section expires December 1, 2010.

132.27 Sec. 57. **RESIDENTIAL MORTGAGE ORIGINATORS AND SERVICERS;**  
132.28 **TRANSITIONAL LICENSE FEE AND TERMS.**

132.29 A residential mortgage originator licensee and a residential mortgage service  
132.30 licensee operating under a valid license under Minnesota Statutes, chapter 58, with an  
132.31 expiration date of July 31, 2011, shall pay a prorated renewal fee of \$200 for a residential  
132.32 mortgage originator, and \$100 for a residential mortgage servicer. The prorated license  
132.33 renewal fee must be paid by December 31, 2010, and such payment extends the license  
132.34 term until December 31, 2011.

133.1 **EFFECTIVE DATE.** This section is effective July 31, 2010.

133.2 Sec. 58. **APPROPRIATIONS.**

133.3 Subdivision 1. **Total appropriation.** \$523,000 is appropriated from the general fund  
133.4 to the commissioner of commerce for the purposes indicated in the following subdivisions,  
133.5 to be available for the fiscal year ending June 30, 2011.

133.6 Subd. 2. **Mortgage originators and servicers.** \$261,000 is to license residential  
133.7 mortgage originators and servicers.

133.8 Subd. 3. **Appraisal management companies.** \$223,000 is to license appraisal  
133.9 management companies.

133.10 Subd. 4. **Portable electronics insurance vendors.** \$39,000 is to license vendors  
133.11 of portable electronics insurance.

133.12 Sec. 59. **REPEALER.**

133.13 Minnesota Statutes 2009 Supplement, section 58.126, is repealed.

133.14 **EFFECTIVE DATE.** This section is effective July 31, 2010.

133.15 **ARTICLE 5**

133.16 **IRON RANGE RESOURCES**

133.17 Section 1. Laws 2010, chapter 216, section 58, is amended to read:

133.18 Sec. 58. **2010 DISTRIBUTIONS ONLY.**

133.19 For distributions in 2010 only, a special fund is established to receive 28.757 cents  
133.20 per ton that otherwise would be allocated under Minnesota Statutes, section 298.28,  
133.21 subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal  
133.22 agent for the recipients for the specific purposes:

133.23 (1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide  
133.24 incentives for at least two dentists to establish dental practices in high-need areas of the  
133.25 taconite tax relief area;

133.26 (2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal  
133.27 heat at the Olcott Park Greenhouse/Virginia Commons project;

133.28 (3) 0.796 cent per ton must be paid to the city of Virginia for health and safety  
133.29 repairs at the Miners Memorial;

133.30 (4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction  
133.31 of Highway 142/Grant and Park Avenues;

134.1 (5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for  
134.2 upgrades and capital improvements to the public arena in Coleraine;

134.3 (6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and  
134.4 pumphouse modifications;

134.5 (7) 0.159 cent per ton must be paid to the city of Bovey for residential and  
134.6 commercial claims for water damage due to water and flood-related damage caused by  
134.7 the Canisteo Pit;

134.8 (8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and  
134.9 child care center;

134.10 (9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer  
134.11 upgrades;

134.12 (10) 0.637 cent per ton must be paid to the city of Marble for the city hall and  
134.13 library project;

134.14 (11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of  
134.15 water and sewer services for Lakewood Housing;

134.16 (12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at  
134.17 the Children's Museum;

134.18 (13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil  
134.19 corrections. This amount must be matched by local sources;

134.20 (14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;

134.21 (15) 0.048 cent per ton must be paid to the city of Aitkin for signage;

134.22 (16) 0.159 cent per ton must be paid to Aitkin County for a trail;

134.23 (17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road  
134.24 railroad crossing;

134.25 (18) 0.088 cent per ton must be paid to the town of Clinton for expansion and  
134.26 striping of the community center parking lot;

134.27 (19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;

134.28 (20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure  
134.29 improvements, milling, and overlay for Summit Street between Alaska Avenue and  
134.30 Highway 135;

134.31 (21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main  
134.32 replacements and improvements in the Northeast Lower Alley area;

134.33 (22) 0.637 cent per ton must be paid to the town of White for replacement of the  
134.34 Stepetz Road culvert;

134.35 (23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon  
134.36 Street and associated infrastructure;

- 135.1           (24) 0.796 cent per ton must be paid to the city of Mountain Iron for site  
135.2 improvements at the Park Ridge development;
- 135.3           (25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure  
135.4 and site preparation for its renewable and sustainable energy park;
- 135.5           (26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer  
135.6 improvements;
- 135.7           (27) 0.796 cent per ton must be paid to the city of Aurora for alley and road  
135.8 rebuilding for the Summit Addition;
- 135.9           (28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility  
135.10 improvements;
- 135.11          (29) 0.318 cent per ton must be paid to the city of Grand Marais for water and  
135.12 sewer infrastructure improvements;
- 135.13          (30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer  
135.14 improvements;
- 135.15          (31) 0.716 cent per ton must be paid to the city of Cook for street and bridge  
135.16 improvements;
- 135.17          (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer  
135.18 improvements;
- 135.19          (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer  
135.20 improvements;
- 135.21          (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer  
135.22 improvements;
- 135.23          (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer  
135.24 improvements;
- 135.25          (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure  
135.26 improvements;
- 135.27          (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure  
135.28 improvements;
- 135.29          (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;
- 135.30          (39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project  
135.31 infrastructure improvements;
- 135.32          (40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety  
135.33 improvements at the athletic facility;
- 135.34          (41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street  
135.35 improvements;

136.1 (42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for  
136.2 infrastructure related to a housing development;

136.3 (43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

136.4 (44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to  
136.5 a nonprofit for a signage kiosk;

136.6 (45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer  
136.7 lines and adjacent development near County State-Aid Highway 24; and

136.8 (46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic  
136.9 wall infrastructure around the athletic complex.

136.10 **EFFECTIVE DATE.** This section is effective ~~for the 2010 distribution, all of~~  
136.11 ~~which must be made in the August 2010 payment~~ retroactively from the day following  
136.12 final enactment.

136.13 **EFFECTIVE DATE.** This section is effective retroactively from April 2, 2010.

136.14 Sec. 2. **REVISOR'S INSTRUCTION.**

136.15 The revisor of statutes shall code section 1 as Minnesota Statutes, section 298.2961,  
136.16 subdivision 7.

136.17 Sec. 3. **REPEALER.**

136.18 Laws 2010, chapter 215, article 9, section 3, is repealed.



APPENDIX  
Article locations in s2510-2

ARTICLE 1	EMPLOYMENT AND ECONOMIC DEVELOPMENT .....	Page.Ln 2.13
ARTICLE 2	UNEMPLOYMENT INSURANCE .....	Page.Ln 21.11
ARTICLE 3	LABOR STANDARDS AND WAGES; LICENSING AND FEES .....	Page.Ln 38.1
ARTICLE 4	COMMERCE .....	Page.Ln 89.4
ARTICLE 5	IRON RANGE RESOURCES .....	Page.Ln 133.15

**58.126 EDUCATION AND TESTING REQUIREMENT.**

(a) No individual shall engage in residential mortgage origination or make residential mortgage loans, whether as an employee or independent contractor, before the completion of 20 hours of educational training which has been approved by the commissioner, and covering state and federal laws concerning residential mortgage lending.

(b) In addition to the initial education requirements in paragraph (a), each individual must also complete eight hours of continuing education annually. The education must include:

(1) three hours of federal law and regulations;

(2) two hours of ethics, which must include fraud, consumer protection, and fair lending; and

(3) two hours of standards governing nontraditional mortgage lending.

(c) The commissioner may by rule establish testing requirements for individuals subject to the requirements of paragraphs (a) and (b). An individual must satisfy the testing requirements established by the commissioner before engaging in residential mortgage loan origination or making residential mortgage loans.

**116J.657 OFFICE OF SCIENCE AND TECHNOLOGY.**

Subdivision 1. **Establishment.** An Office of Science and Technology is established in the Department of Employment and Economic Development to do the following:

(1) coordinate public and private efforts to procure federal funding for collaborative research and development projects of primary benefit to small and medium-sized businesses;

(2) promote contractual relationships between Minnesota businesses that are recipients of federal grants and prime contractors, and Minnesota-based subcontractors;

(3) work with Minnesota nonprofit institutions including the University of Minnesota, Minnesota State Colleges and Universities, and the Mayo Clinic in promoting collaborative efforts to respond to federal funding opportunities;

(4) develop a framework for Minnesota companies to establish sole-source relationships with federal agencies; and

(5) coordinate workshops, assistance with business proposals, licensing, intellectual property protection, commercialization, and government auditing with the University of Minnesota and Minnesota State Colleges and Universities.

For the purposes of this section, "office" means the Office of Science and Technology established in this subdivision.

Subd. 2. **Technology partnering with a prime contractor.** The office must develop a program to assist small businesses competing for a small business innovation research award by matching the applicant with a larger company. Prime contractors are matched to small businesses through a prescreening process that may result in a letter of support for the applicant designed to increase the chance of receiving a Small Business Innovation Research (SBIR) award.

Subd. 3. **Collaborate to commercialize.** The office must develop a program to use the federal high-risk research and development investment program to encourage the development of new technologies, products, and business development and to reduce development risks by encouraging alliances between medium-sized companies and innovative small businesses.

Subd. 4. **Technology matchmaking.** The office must assist businesses in identifying qualified suppliers and vendors through a program to serve as a conduit for Minnesota-based companies to network with firms able to support their success. Firms outside Minnesota can participate in the technology matchmaking network if one of the participating companies is located in Minnesota.

Subd. 5. **Commercialization assistance.** The office must provide commercialization assistance to Minnesota firms that have received a Phase I Small Business Innovation Research (SBIR) or a Phase I Small Business Technology Transfer (STTR) award and are submitting a Phase II proposal. Local service providers must assist the applicant with developing and reviewing the required commercialization plan prior to Phase II submission. The office may provide SBIR Phase I proposal technical review.

Subd. 6. **Report.** The commissioner of employment and economic development must report to the committees in the house of representatives and senate having jurisdiction over bioscience and technology issues on the activities of the Office of Science and Technology by June 30, 2009.

**326B.133 BUILDING OFFICIALS.**

## APPENDIX

Repealed Minnesota Statutes: s2510-2

Subd. 9. **Renewal.** (a) Subject to sections 326B.101 to 326B.194, the commissioner of labor and industry may by rule adopt standards dealing with renewal requirements.

(b) If the commissioner has not issued a notice of denial of application for a certificate holder and if the certificate holder has properly and timely filed a fully completed renewal application, then the certificate holder may continue to engage in building official activities whether or not the renewed certificate has been received. Applications must be made on a form approved by the commissioner. Each application for renewal must be fully completed, and be accompanied by proof of the satisfactory completion of minimum continuing education requirements and the certification renewal fee established by the commissioner. Applications are timely if received prior to the expiration of the most recently issued certificate. An application for renewal that does not contain all of the information requested is an incomplete application and will not be accepted.

Subd. 10. **Expiration.** All certificates expire at 11:59:59 p.m. central time on the date of expiration if not properly renewed in accordance with subdivision 9, paragraph (b).

### **326B.37 INSPECTION FEE SCHEDULE.**

Subd. 13. **Handling fee.** The handling fee to pay the cost of printing and handling of the paper form requesting an electrical inspection is up to \$1.

### **326B.475 RESTRICTED PLUMBER LICENSE.**

Subd. 5. **Prohibition of transference.** A restricted master plumber and restricted journeyman plumber license may not be transferred or sold to any other person.

Subd. 6. **Bond; insurance.** A restricted master or a restricted journeyman plumber licensee is subject to the bond and insurance requirements of section 326B.46, subdivision 2, unless the exemption provided by section 326B.46, subdivision 3, applies.

### **326B.56 ALTERNATIVE STATE BONDING AND INSURANCE REGULATION.**

Subd. 3. **Bond and insurance exemption.** A water conditioning contractor or installer who is an employee of a water conditioning contractor or installer, including an employee engaged in the maintenance and repair of water conditioning equipment, apparatus, or facilities owned, leased and operated, or maintained by the employer, is not required to meet the bond and insurance requirements of subdivisions 1 and 2 or of any political subdivision.

Subd. 4. **Fee.** (a) The commissioner shall collect a \$40 bond registration fee for one year or \$80 for two years from each applicant for issuance or renewal of a water conditioning contractor or installer license who elects to proceed under subdivisions 1 and 2.

(b) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the bond registration from one year to two years so that the expiration of bond registration corresponds with the expiration of the license issued under section 326B.55.

### **326B.885 LICENSE RENEWAL.**

Subd. 3. **Failure to renew.** A person who has failed to make a timely application for renewal of a license is unlicensed at 11:59:59 p.m. central time on March 31 of the renewal year and remains unlicensed until a renewed license has been issued by the commissioner and is received by the applicant.

Subd. 4. **Expiration.** All licenses expire at 11:59:59 p.m. central time on March 31 of the renewal year if not properly renewed.

### **326B.976 APPLICATIONS FOR LICENSES.**

The commissioner shall prepare blank applications on which applications for licenses shall be made. These blanks shall elicit such information as is needed to determine whether an applicant meets the qualifications required for the license.

### **327.32 CODE COMPLIANCE.**

Subd. 4. **Exception.** Notwithstanding the provisions of subdivision 1, a manufactured home dwelling unit bearing a label issued by the secretary shall not be required to bear a seal of this state. Upon a showing that another state provides for the sealing of manufactured homes

APPENDIX  
Repealed Minnesota Statutes: s2510-2

manufactured after July 1, 1972, and prior to June 15, 1976, upon compliance with standards which are at least equal to those provided in the Manufactured Home Building Code, the commissioner shall, by rule, provide that a seal affixed under the authority of that state has the same effect as a seal affixed under authority of this state, and thereafter any manufactured home which bears the seal of that state shall not be required to bear the seal of this state as provided in subdivision 1. The commissioner may make any rule contingent upon the other state granting reciprocal effect to seals affixed under authority of this state.

**327C.07 IN PARK SALES.**

Subd. 3. **Application information.** When the prospective buyer of an in park sale seeks approval as a resident, the park owner may require the prospective buyer to submit information reasonably necessary to determine whether the prospective buyer satisfies the park's criteria as stated by the park in its rules. The required information may include the purchase price of the home and the amount of monthly payments on the home, together with any documents reasonably necessary to verify the information. The park owner may inquire into the creditworthiness of the prospective buyer but may not require the submission of any information concerning the business relationship between the seller and a dealer acting for the seller.

Subd. 3a. **Safety feature disclosure form.** A resident or a resident's agent shall disclose information about safety features of the home to the prospective buyer. The information must be given to the buyer before the sale, in writing, in the following form:

This form is required by law to be filled out and given to the prospective buyer of any used manufactured home by all private parties, dealers, and brokers.

This home has at least one egress window in each bedroom, or a window in each bedroom that meets the specifications of the American National Standard Institute 1972 Standard A119.1 covering manufactured homes made in Minnesota. This standard requires that the window be at least 22 inches in least dimension, and at least five square feet in area, and that the window be not more than four feet off the floor. Egress windows installed in compliance with the United States Department of Housing and Urban Development Manufactured Home Standards or the State Building Code are deemed to meet the requirements of this section.

Yes ..... No .....

This home has ..... (number) of exits. They are located .....

This home is equipped with fire extinguishers as required by the Minnesota state Health Department.

Yes ..... No .....

They are located .....

This home is equipped with at least one listed automatic smoke detector outside each sleeping area as required in homes built in accordance with the State Building Code.

Yes ..... No .....

This home has aluminum electrical wiring.

Yes ..... No .....

Aluminum electrical wiring can present a fire hazard in homes. The special hazards presented by aluminum electrical wiring can be eliminated by certain repairs, as recommended by the United States Consumer Product Safety Commission.

A. The wiring connections to the outlets in this home have been crimped, and the connection point is now copper.

Yes ..... No .....

B. This home has electrical outlets and switches compatible with aluminum electrical wiring.

Yes ..... No .....

C. Other action has been taken to eliminate or reduce the danger caused by aluminum electrical wiring in this home. (Describe)

.....  
(The buyer may check the effectiveness of these methods by contacting the United States Consumer Product Safety Commission.)

APPENDIX  
Repealed Minnesota Statutes: s2510-2

The furnace compartment in this home is lined with gypsum board, as specified in the 1976 United States Department of Housing and Urban Development codes governing manufactured housing construction.

Yes ..... No .....

The water heater enclosure in this home is lined with gypsum board, as specified in the 1976 United States Department of Housing and Urban Development codes governing manufactured housing construction.

Yes ..... No .....

This home contains a solid fuel burning stove. This stove was installed by the manufacturer of the home after June 15, 1976, and was inspected for compliance with the United States Department of Housing and Urban Development Manufactured Home Standards.

Yes ..... No .....

This home contains a solid fuel burning stove. This stove unit is approved for installation in manufactured homes. It was installed by ..... in accordance with the manufacturer's guidelines. A building permit for this stove was issued by the city of ....., and this stove installation has been approved by the building official.

Yes ..... No .....

This home contains a solid fuel burning fireplace. The fireplace was installed by the manufacturer of the home after June 15, 1976, and was inspected for compliance with the United States Department of Housing and Urban Development Manufactured Home Standards.

Yes ..... No .....

This home contains a solid fuel burning fireplace. This fireplace unit is approved for installation in manufactured homes. It was installed by ..... in accordance with the manufacturer's guidelines. A building permit for this fireplace was issued by the city of ....., and this fireplace installation has been approved by the building official.

Yes ..... No .....

This home is supported by a support system, as required by state code since September 1, 1974.

Yes ..... No .....

It is also recommended that the buyer check the home's heat tape. Old and worn heat tape, and improper installation of heat tape, can cause a fire hazard.

It is recommended that the buyer have a qualified utility representative check the furnace and water heater to see that they are both in good working order. If this home was converted from oil to natural gas heat, there could be safety problems if the conversion was not done correctly. A utility representative or building official can inspect the condition and installation of this equipment. They may charge a reasonable fee to do so. It is also recommended that the buyer check the floor area around the water heater and furnace compartments. A weakened floor can create a fire hazard.

It is also recommended that the buyer have a utility approved energy audit of the home.

If you purchase the home, you will be required to install egress windows within one year and smoke detectors and fire extinguishers within 30 days. You will be required to comply with all of the safety features contained in this form within three years.

I, ....., the undersigned, hereby declare that the above information is true and correct to the best of my knowledge.

.....  
Signature

.....  
Date

A park owner shall provide a resident or a resident's agent with a copy of the safety feature disclosure form upon request.

## APPENDIX

Repealed Minnesota Statutes: s2510-2

Subd. 8. **Compliance with home safety features.** Within 12 months following the in park sale of a home for which a home safety feature disclosure form has been provided under subdivision 3a, the buyer shall install egress windows meeting the specifications of the American National Standard Institute 1972 Standard A119.1 covering manufactured homes made in Minnesota. Within 30 days following the in park sale of a home for which a home safety feature disclosure form has been provided under subdivision 3a, the buyer shall install fire extinguishers and smoke detectors as required by the Minnesota state Health Department and State Building Code.

In addition to the previous requirements, within three years following the sale or upon the resale of the home the buyer shall install the following home safety features:

(a) necessary aluminum electrical wiring repairs conforming with the recommendations of the Consumer Product Safety Commission;

(b) gypsum board lining or similar fire-resistant material for furnaces and water heater enclosures conforming with the Department of Housing and Urban Development Manufactured Home Standards;

(c) if the home contains a solid fuel burning stove or fireplace, installation in conformance with Department of Housing and Urban Development Manufactured Home Standards; and

(d) support systems as required by the State Building Code.

Following installation of the safety features required under this subdivision, the home must be inspected by a state certified building official. The official may charge a reasonable fee, not to exceed \$50, for the inspection. The homeowner shall give the park owner a certificate of inspection certifying that the home safety features required under this subdivision have been installed. This subdivision does not impose any duty or obligation upon a broker, dealer, lender, or park owner to monitor completion of any repairs required, nor does it impose liability on any broker, dealer, lender, or park owner for any injury or claim of whatever nature, which may arise as a result of the failure of the buyer of the home to comply with the home safety features required herein. Failure to comply with the requirements of this subdivision is a park rule violation for purposes of section 327C.09.

***Laws 2010, chapter 215, article 9, section 3***

**Sec. 3. 2010 DISTRIBUTIONS ONLY.**

For distributions in 2010 only, a special fund is established to receive 28.757 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6:

(1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives for at least two dentists to establish dental practices in high-need areas of the taconite tax relief area;

(2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal heat at the Olcott Park Greenhouse/Virginia Commons project;

(3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs at the Miners Memorial;

(4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of Highway 142/Grant and Park Avenues;

(5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades and capital improvements to the public arena in Coleraine;

(6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and pumphouse modifications;

(7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial claims for water damage due to water and flood-related damage caused by the Canisteo Pit;

(8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child care center;

(9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;

(10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library project;

(11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water and sewer services for Lakewood Housing;

(12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the Children's Museum;

(13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil corrections. This amount must be matched by local sources;

(14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;

(15) 0.048 cent per ton must be paid to the city of Aitkin for signage;

(16) 0.159 cent per ton must be paid to Aitkin County for a trail;

(17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad crossing;

(18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping of the community center parking lot;

(19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;

(20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements, milling, and overlay for Summit Street between Alaska Avenue and Highway 135;

(21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main replacements and improvements in the Northeast Lower Alley area;

(22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz Road culvert;

(23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon Street and associated infrastructure;

(24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements at the Park Ridge development;

(25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and site preparation for its renewable and sustainable energy park;

(26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer improvements;

(27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding for the Summit Addition;

(28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility improvements;

(29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer infrastructure improvements;

(30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer improvements;

## APPENDIX

### Repealed Minnesota Session Laws: s2510-2

(31) 0.716 cent per ton must be paid to the city of Cook for street and bridge improvements and industrial park land purchase;

(32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer improvements;

(33) 0.318 cent per ton must be paid to the city of Tower for water and sewer improvements;

(34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer improvements;

(35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer improvements;

(36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure improvements;

(37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure improvements;

(38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;

(39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project infrastructure improvements;

(40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety improvements at the athletic facility;

(41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street improvements;

(42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure related to a housing development;

(43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

(44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit for a signage kiosk;

(45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines and adjacent development near County State-Aid Highway 24; and

(46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall infrastructure around the athletic complex.

**EFFECTIVE DATE.** This section is effective for the 2010 distribution, all of which must be made in the August 2010 payment.